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HMRC internal manual

## Complaints and Remedy Guidance

From: **HM Revenue & Customs**  
**(/government/organisations/hm-revenue-customs)**

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[Back to contents](#) > [CRG5000](#)

## CRG5525 - Financial redress: Unreasonable delay

Any financial redress arising as a result of unreasonable delay will depend on the direct result of the delay, and the period of the unreasonable delay. Here you will have to concentrate on that part of the delay that was unreasonable. This might not be the same as the whole period of delay since some delay will usually be reasonable, for example where we are seeking specialist advice and we have kept the customer informed.

The two guiding principles to follow when dealing with a claim are:

- Establish the precise period of the unreasonable delay. In any period of delay some of the delay may have been for a good reason and will not therefore constitute a mistake. For example, where it was necessary to obtain expert advice and the complainant was made aware of this, then this period would not normally count as a period of unreasonable delay.
- Identify what the direct result of the unreasonable delay was. In some cases, although there has been unreasonable delay, there are no financial consequences. For example, while a delay in replying to a letter may upset the customer, it is unlikely to have any financial consequences.

Claims arising from unreasonable delay will vary and each should be treated on its own merits.

Some are likely to involve claims for hypothetical losses, for example loss of opportunity, which can be difficult to deal with. Remember that the complainant must demonstrate that they incurred an actual loss, supported by documentary evidence wherever possible.

Where we have unreasonably delayed in making a repayment of tax, claims are sometimes made for compensation for the difference between the repayment supplement/statutory interest paid by HMRC, if any, and the amount that would have been earned if the monies had been invested elsewhere. In such cases we would need evidence that monies would definitely have been invested in a particular manner and not a mere assertion that it would have happened. Pension funds and similar organisations are more likely than other customers to be able to demonstrate a clear, unequivocal intention to invest funds in a certain way.

Claims that the rates of repayment supplement or statutory interest should be topped up by an ex gratia payment simply because the customer considers they do not provide adequate compensation should be refused.

Where we have caused an inordinate delay in payment of a considerable amount of tax credit or child benefit, customers may argue that they have incurred a significant financial loss because the

delay in receiving their award means that its value has eroded over time. The governing legislation on tax credits and child benefit does not provide for interest to be paid when a customer receives an award late. In considering any payments under our financial redress provisions, we must ensure that we are not perceived to be undermining the legislative position. Exceptionally, a payment to recognise a significant financial loss may be appropriate. However, calculating the amount of redress in these circumstances is complicated, and you must always consult CCAST for advice.

Claims that a deposit was lost because funds were not available to complete a transaction will depend on the facts, on what evidence can be produced and on what undertakings, if any, we gave to the customer before the delay occurred.

Where a customer was charged bank or credit card charges or interest, or incurred other expenditure that they claim was necessitated by the unreasonable delay of an HMRC payment, for example tax credits, you may consider compensating for these losses if you are satisfied that they are accurate, reasonable and arose directly from the delay. The customer should support the claim with appropriate documentary evidence. CCAST will give advice in any case of difficulty.

Claims that delay in receiving payment led to some loss, for example an opportunity to buy cheap flights was lost because the funds that were expected were not received, will usually have to be treated as hypothetical and refused.

Where we have delayed unreasonably in responding to correspondence or returning a telephone call, the cost of reminders and progress-chasing (for example letters, faxes, telephone calls and related agent's fees) may be reimbursed if they are reasonable and proportionate.

In direct tax cases claims may be made for interest on overdue tax to be mitigated because of HMRC delay. Any such objection to an interest charge should be referred to the Interest Review Unit - see

[CHG825 \(https://www.gov.uk/hmrc-internal-manuals/complaints-handling-guidance/chg825\)](https://www.gov.uk/hmrc-internal-manuals/complaints-handling-guidance/chg825).

← **Previous page**  
[\*\*\(/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5500\)\*\*](/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5500)

---

→ **Next page**  
[\*\*\(/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5550\)\*\*](/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5550)

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