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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](#)

CRG5225 - Financial redress: Reasonableness of professional fees

Many customers employ the services of an accountant and may from time to time engage other agents such as solicitors. What arrangements customers have with their agents is up to them, and it is not for us to judge the reasonableness of them. Whether a customer is represented or not has no bearing on the standard of service they are entitled to. But there are some issues relating to professional fees which need to be considered.

Customers can claim costs they have paid, including fees they have paid to their professional agents, as a direct result of our mistake or unreasonable delay. Professional fees vary

according to a number of factors such as location of the firm, the level of expertise or specialism offered, and the level of the person within the firm carrying out the work, and you will need to consider what is reasonable to reimburse. This may or may not be the full amount customers have paid to their agents. Make a judgement, based on the merits, circumstances and complexity of each case, about what is the reasonable amount to reimburse.

Make sure that the fees you are considering relate only to additional work carried out as a direct result of our mistakes or delay. Consider all the circumstances of the case, and ask yourself these questions:

- does the customer usually use this agent?
- was the additional work done at a different level within the firm and at an appropriate level?
- was the work done at the usual hourly rate and is evidence of this available, if required, by way of invoices and/or timesheets?
- has the invoice been paid?
- was the work itself unreasonable or excessive in relation to our mistake and what was needed to correct it?

A professional agent's charges are a matter between agent and client, but you are entitled to consider whether it is reasonable to reimburse all the charges as invoiced. Reimbursement should be limited to what you consider to be reasonable in all the circumstances, using your best estimate, where necessary.

Do not be afraid to ask for whatever further information you think is necessary, but remember that every letter increases costs for the customer and HMRC. In many cases it will be impossible to arrive at a precise figure with which both sides are happy. It will usually be best in such cases to curtail fruitless correspondence, pay what you think is reasonable and give an explanation of your reasoning.

Example

An agent sent in six Self Assessment returns for the same client that were logged in the tax office but then mislaid. At our request the agent supplied copies of the returns and made a claim for £660 plus VAT. The invoice included an unspecified sum for “attending meeting with client to explain the position in detail”. When this was queried the agent’s explanations were unconvincing and he increased the claim to £880. We decided to pay a total of £200, which was accepted without further comment.

← **Previous page**

[\(/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5200\)](/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5200)

→ **Next page**

[\(/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5250\)](/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5250)



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