



**Beta** This part of GOV.UK is being rebuilt – [find out what beta means](#)  
[\(/help/beta\)](#)

HMRC internal manual

# Complaints and Remedy Guidance

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

Published 12 April 2016

Updated: 11 December 2023 - [\*\*See all updates\*\*](#)

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

## CRG5125 - Financial redress: Considering cause and effect

Usually it is clear what costs were incurred directly because of our mistake. In most cases these are the costs of phone calls, postage, stationery or professional fees. But sometimes it is more difficult. This can be where the costs paid or loss suffered arose partly because of our mistake or delay and partly for other reasons. You will need to make a judgement on deciding what proportion relates directly to our mistakes.

Think about the cause and effect and how directly or indirectly they are linked. Remember that we will only compensate for financial loss caused directly and solely as a result of our mistakes or delays.

Consider, therefore: Was the financial impact claimed by the customer a direct consequence of our mistake or delay? Or were there other factors which added to the impact?

These cases will require careful consideration and fine judgements, and you should be guided by the following general rules:

- In considering a claim for financial redress in respect of any losses, the customer will need to show a clear causal link between our mistake and the loss.
- Although our mistakes or delays may cause inconvenience, the customer may not actually have suffered any financial loss. In such cases there will be no reimbursement to consider.
- When considering remedy in general, and financial redress in particular, we are entitled to take into account any way in which the customer has contributed to or prolonged the mistake or delay. This could be by something the customer has done, or something the customer failed to do when it could reasonably be expected that they would and should have taken some action.
- We do not compensate for hypothetical, notional, speculative or potential loss. Only the net amount of actual financial loss, which can be demonstrated, evidenced and quantified, may be reimbursed.
- We do not reimburse costs or loss that result from changes in the interpretation of law as a result of a policy review or a ruling by a Tribunal or courts.
- We do not reimburse costs or losses incurred by persons seeking to recover VAT from a third party.
- Financial redress should not put people in a better position than they would have been had we not made the mistake.

← **Previous page**

(/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5100)

→ **Next page**

(/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5150)



All content is available under the [Open Government Licence v3.0](#), except where otherwise stated

© Crown copyright

