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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](#)

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### CRG5275 - Financial redress: Paying agents direct

As a general rule we do not pay agents direct for fees incurred by their clients as a direct result of our mistakes or unreasonable delays. Agents have their own, usually contractual, billing arrangements with their clients. It is not our policy to pay the customer's bill or settle their debts on their behalf. From our viewpoint it is the customer, not the agent, who has to incur the costs. We expect the customer to be invoiced by the agent for the additional work and for that invoice to be paid before we consider any reimbursement.

#### Exceptions

There are exceptions to this rule:

**1.** Where the customer (normally an individual rather than a company or partnership) would face extreme hardship by paying the invoice and the situation is likely to continue for an uncertain period of time, you may consider paying the agent direct if the customer requests us to do so. You will need clear evidence, not merely an assertion, of the degree and nature of the hardship likely to be suffered. If the hardship is likely to be of limited duration of a temporary nature, you may opt to postpone consideration of reimbursement to a later date when the customer is likely to be in a position to pay the agent's bill and then claim reimbursement. In any case you need to be satisfied that there were genuine business and billing arrangements between agent and client for the fees to be paid.

Consider this exception only if there is clear evidence of extreme hardship, which is likely to continue. Unemployment or very poor trading results may well be indications of hardship but are not necessarily conclusive. Be prepared to ask for evidence of hardship, although this should be done as sensitively as possible. Hardship should not be accepted where the impact of paying the invoice is more inconvenience than hardship. Where you decide to apply this concession, obtain the original invoice from the customer and pay it on their behalf.

**2.** There will sometimes be cases where we make a mistake and that same mistake affects the majority or all of an agent's clients. In these circumstances you may consider paying the agent direct. You will need to consider these exceptional cases very carefully to determine why normal practice should not be followed.

Examples of this may be where we get the agent's code wrong so that correspondence relating to all clients is misdirected, or where the agent sends in returns for most clients in one batch and we lose them. Do not use it where a few clients are affected

or just because the sum involved for each case is small. And remember it has to be the same mistake.

3. Where the person acting on our customer's behalf is doing so in a non-commercial capacity, as a relative, friend or neighbour as described in [CRG6175 \(https://www.gov.uk/hmrc-internal-manuals/complaints-and-remedy-guidance/crg6175\)](https://www.gov.uk/hmrc-internal-manuals/complaints-and-remedy-guidance/crg6175), we would not expect them to charge a fee. They would also be unlikely to charge any minor incidental costs, such as phone calls or postage, to the customer. However, such incidental costs arising directly from HMRC mistakes or unreasonable delay may be reimbursed to the person acting for our customer, to the extent that they are reasonable.

There may be other times when agents ask us to pay them direct. We cannot comply with their wishes and you should explain our policy to them.

Examples of such requests could include cases where the agent has invoiced the client but the client has refused to pay. This is a matter for the agent and client to resolve. The agent may also say that invoicing the client would damage their relationship. See [CRG5250 \(https://www.gov.uk/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5250\)](https://www.gov.uk/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5250) on how to deal with this point.

If you are unsure about whether to pay an agent direct you should contact **CCAST**. In the rare cases where it is appropriate to pay agents direct, VAT, if charged, should be included.

← **Previous page**  
(/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5250)

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→ **Next page**  
(/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5300)



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