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HMRC internal manual

Complaints and Remedy Guidance

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CRG3125 - Mistakes: Compliance checks: third party information wrong or mishandled

Third party information may often trigger a compliance check. If that information turns out to be incorrect or misleading it may be some time before this is established. That of itself does not amount to a mistake.

The check is likely to have been undertaken in good faith without any obvious need to verify the information at the outset, and if so the initial enquiries may have been justified. But there will be cases where a review of our records will provide information, which might have pointed to the correct

answer earlier. If this was so clear that the case should not have been taken up in the first place, there are likely to be grounds for accepting mistake. If it was reasonable to take up the enquiry but there came a point at which matters became sufficiently clear to bring it to an end, then the mistake occurred at that later point.

Examples

- A self-assessment check was launched after press allegations about the customer suggested substantial undisclosed income. Despite being supported by other information, the allegations turned out to be incorrect and the customer asked for reimbursement of the accountancy fees. The Adjudicator agreed with our view that we had not acted unreasonably in opening enquiries. We made no mistake.
- Third party information led us to challenge the investment income shown on a customer's return. The customer's first reply gave details, which reconciled with our information but we failed to spot this and challenged again. We accepted this after further explanation but still pursued another apparent omission. Our information on this then turned out to be incorrect. We accepted mistake and reimbursed the customer's additional costs.

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