

Qualitative Research on Tax Credits Customers' Experience and Views of the Health Check Pilot

HM Revenue & Customs Research Report 82

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Key Findings

HMRC is currently exploring a range of ways in which individuals can be further helped to claim tax credits whilst ensuring that customers also meet their responsibility for notifying HMRC of any change in circumstances. The health check pilot focused on a specific group of vulnerable customers: lone parents who were claiming the childcare element of Working Tax credits; were in receipt of a high level of award (i.e. the maximum award or the first taper); and who had not made contact with HMRC for at least 6 months since August 2007. It was designed to make contact with lone parents, check to see that their details were correct, and make any amendments to their tax credits award if necessary.

The health check pilot involved a manual mail shot asking customers to telephone a dedicated HMRC helpline and, where necessary, a telephone call from HMRC to customers who had not responded to the initial mail shot. HMRC adjusted customers' tax credits awards following the health check.

This research aimed to explore customers' views and experiences of the health check pilot and was based on 50 face-to-face, qualitative depth interviews.

Following receipt of the health check letter most were unconcerned about receiving correspondence from HMRC, although for some there was an initial element of surprise to have heard from HMRC outside of the renewal period. Others felt suspicious and saw the letter as HMRC's way to 'check up' on customers, 'big brother' style.

Respondents were generally positive about the content, language and style of the health check letter. Customers were either compliant or non compliant with the health check letter for four key reasons;

- Understanding of the health check letter
- Personal organisation
- Practical barriers to reporting changes, such as helpline opening times and the perceived cost of a call
- Attitudes towards responding to the health check letter.

Experiences of making contact with the health check helpline by telephone were generally very positive. Customers said that 'getting through' to an HMRC advisor was quick and easy and advisors were described as friendly and helpful.

Experiences of receiving a telephone call from HMRC were also very positive, although some customers felt a little concerned about receiving a call from HMRC in case the call indicated that there were problems with their tax credits claim but were reassured by the health check advisor.

Participation in the health check pilot had a limited impact on views of tax credits and HMRC. Customers were generally positive about their tax credits claim prior to the pilot and remained generally positive afterwards. Where feelings about their tax credits claim and views of HMRC had changed, they were focused on increased confidence in claiming tax credits – for those who felt their understanding of tax credits had increased. However, for some there was a loss of trust in HMRC handling their tax credits claim.

Reflecting on the health check pilot, customers generally felt that there would be little change in their behaviour regarding notifying HMRC of changes in circumstances, although there were some exceptions. Some would make a greater effort to report changes in circumstances while others would over-estimate their income as a strategy to avoid overpayments.

Executive Summary

Background and introduction

HMRC is currently exploring a range of ways in which individuals can be further helped to claim tax credits whilst ensuring that customers also meet their responsibility for notifying HMRC of any change in circumstances. The health check pilot was focused on a specific group of vulnerable customers: lone parents who were claiming the childcare element of Working Tax credits; were in receipt of a high level of award (i.e. the maximum award or the first taper); and who had not made contact with HMRC for at least 6 months since August 2007. It was designed to make contact with lone parents, check to see that their details were correct, and make any amendments to their tax credits award if necessary.

The health check pilot took part in two phases:

Phase 1 - Beginning in February 2008, a manual mail shot was sent to the target customers asking them to telephone a dedicated HMRC helpline that had been set up specifically for the pilot. The mail shot was sent out in four waves.

Phase 2 - Two weeks later, HMRC telephoned customers who had not responded to the initial mail shot.

Following the health check, HMRC adjusted customers' tax credits awards, and therefore payments.

Research Aims

This research aimed to explore:

- The history of the customers' tax credits claim and their reasons for contacting, or not contacting, HMRC in the past.
- Customers' understanding of their responsibilities regarding their tax credits claim and the implications of not notifying HMRC of changes in circumstances, prior to the health check pilot.
- Customers' views and experiences of receiving a letter as part of the tax credits health check pilot and their reasons for contacting, or not contacting, HMRC as requested in the letter.
- The affect of the information and advice given during the telephone call, where appropriate, on customers' understanding of their responsibilities as tax credits customers.

- Customers' understanding and views of what happened to their tax credits award following the health check.

Views of the Health Check Letter

Customers reacted in different ways to receiving the letter; where most were unconcerned with receiving correspondence from HMRC, some felt an initial element of surprise to have heard from HMRC outside of the renewal period.

Others felt suspicious and saw the letter as HMRC's way to 'check up' on customers, 'big brother' style.

Respondents were generally positive about the content, language and style of the health check letter. However, those customers who received the wave 1 and 2 letter¹ were more concerned with the letter's tone; it was found to be 'threatening' and 'strict'. Despite these concerns, the letter was still seen in a positive light.

The purpose of the letter was not always understood and, similarly whilst some customers understood the letter as a request to telephone HMRC and to notify them of any changes in circumstances; others interpreted the letter differently; for example some believed they were going to be contacted by HMRC, they should contact HMRC if they had any changes or saw it as a generic reminder to renew their tax credits claim.

Compliance with the Health Check letter

Customers were either compliant or non compliant with the health check letter for four key reasons. These were: their understanding of the health check letter; their personal organisation; practical barriers that affected the ability to report changes to HMRC; and their attitudes towards responding to the health check letter.

Compliance with the health check letter results in six key customer types;

- Compliant with the health check letter and proactive
- Compliant with the health check letter and reactive
- Non compliant with the health check letter and disorganised
- Non compliant with the health check letter and facing practical barriers

¹ Customers received a letter from HMRC which referred to a previous letter having been sent to the respondent that asked for an updated income figure from the customer. However, in most cases it had not been received by the time they received the Health Check letter. This caused confusion amongst the customers and was therefore amended for subsequent waves (3 & 4).

- Non compliant with the health check letter and did not wish to report changes
- Non compliant and did not understand letter

Experiences of the Health Check phone call: phase 1 and 2

Experiences of the phase 1 telephone call were generally very positive. In cases where some customers called the general tax credits helpline in response to the health check letter they were transferred to the dedicated health check helpline. Customers said that 'getting through' to an HMRC advisor was quick and easy and advisors were described as friendly and helpful.

As in phase 1, experiences of the phase 2 call were also very positive. At first customers felt a little concerned about receiving a call from HMRC in case the call indicated that there were problems with their tax credits claim. However, these feelings subsided as it was felt advisors provided reassurance by being able to provide personal information about the customer.

Impact of the Health Check pilot

The research included the views of both customers whose tax credits had not changed and those whose awards had been increased or reduced as a result of the health check pilot. The financial impact on the household of a reduction in tax credits was related to the amount of change and the reasons for change.

Participation in the health check pilot had a limited impact on views of tax credits and HMRC. Customers were generally positive about their tax credits claim prior to the pilot and remained generally positive afterwards. Where feelings about their tax credits claim and views of HMRC had changed, they were focused on the following areas:

- Increased confidence in claiming tax credits
- Trust in HMRC

Reflecting on the health check pilot, customers generally felt that there would be no change in their behaviour regarding notifying HMRC of changes in circumstances. However, there were a few customers who felt that as a result of their award being reduced, their behaviour would change following participation in the health check pilot. Some would make an active effort to report changes in circumstances while others would adopt a strategy to avoid overpayments,

Conclusions

Overall, views of taking part in the health check pilot were positive. Tax credits customers generally welcomed the communication from HMRC as it acted as a reminder to report any changes in their circumstances and served to reassure customers that their details were up to date, however customers generally felt that beyond these purposes it had had a limited impact.

The key impact of the health check pilot was to serve as a reminder that tax credits customers were required to report changes to HMRC. For some, it also acted as:

- A trigger to report outstanding changes in circumstances.
- A means of increasing confidence in dealing with tax credits.

However, for some, they felt that with their increased knowledge about how tax credits work they would become more proactive in reporting changes in circumstances.

1 Introduction

1.1 Policy context and background to research

The current process model for the delivery of tax credits relies almost exclusively on the customer notifying HMRC of any changes in circumstances and renewing their claim before the due deadline. Should the customer fail to do so then this may result in under or over-payments being made.

HMRC is currently exploring a range of ways in which individuals can be further helped to claim tax credits and ensure that customers meet their responsibilities for notifying HMRC of any change in circumstances.

The 'health check' pilot, one of HMRC's Customer Service Improvement Modules, was designed to proactively contact customers, check to see that their details are correct, and make any amendments to their tax credits award if necessary. The health check pilot also included an element of 'education' by providing customers with information designed to help them understand their role and responsibilities regarding their tax credits claim.

The health check pilot was focussed on a specific group of vulnerable customers: lone parents who were claiming the childcare element of Working Tax credits; were in receipt of a high level of award (i.e. the maximum award or the first taper); and who had not made contact with HMRC for at least 6 months since August 2007.

The pilot took part in two stages:

Stage 1 - Beginning in February 2008, a manual mail shot was sent to approximately 1500 target customers asking them to telephone a dedicated HMRC helpline that had been set up specifically for the pilot. The mail shot was sent out in four waves.

Stage 2 - Two weeks later, HMRC telephoned customers who had not responded to the initial mail shot.

Following the health check, HMRC adjusted customers' tax credits awards, and therefore payments. If there had been any changes to their tax credits award; customers would automatically have been sent a new award notice.

1.2 Research aims and objectives

This research aimed to **explore customers' views and experiences of the health check pilot**. Specifically it aimed to explore:

- The history of the customers' tax credits claim and their reasons for contacting, or not contacting, HMRC in the past.

- Customers' understanding of their responsibilities regarding their tax credits claim and the implications of not notifying HMRC of changes in circumstances, prior to the health check pilot.
- Customers' views and experiences of receiving a letter as part of the tax credits health check pilot and their reasons for contacting, or not contacting, HMRC as requested in the letter.
- The effect of the information and advice given during the telephone call, where appropriate, on customers' understanding of their responsibilities as tax credits customers.
- Customers' understanding and views of what happened to their tax credits award following the health check.

1.3 Methodology and design

The research was based on 50 face-to-face, qualitative depth interviews. Qualitative methods were used to explore in-depth a range of attitudes and experiences from the perspectives of those being studied. The findings produced are thematic rather than statistical. A fuller explanation of the methods used can be found in Appendix A.

All the tax credits customers participating in the research had been in contact with HMRC either at Phase 1 or Phase 2 of the pilot, that is, they had either telephoned the dedicated helpline as requested or were subsequently called by HMRC.

In order to explore views about, and the impact of, the health check pilot, the research was conducted in two stages:

- **Main stage** – an exploration of customers' views and experiences of participating in Phase 1 or Phase 2 of the health check pilot.
- **Second stage** – revisiting the customers who had participated in the main stage of the research, four months later, to explore the longer-term impact of the health check pilot on customers' understanding of their tax credits responsibilities. In addition, customers' views of a revised version of the health check letter were explored.

1.4 Sample

50 tax credits customers were recruited according to the following criteria:

Health Check Phase	<ul style="list-style-type: none">• Phase 1 – responded to health check letter by contacting the dedicated health check helpline• Phase 2 – did not respond to the health check letter and received a telephone call from HMRC health check advisors
Health Check Wave	<ul style="list-style-type: none">• Wave 1 and 2 – customers received a letter from HMRC which referred to a previous letter having been sent to the respondent that asked for an updated income figure from the customer. However, in most cases it had not been received by the time they received the Health Check letter. This caused confusion amongst the customers and was therefore amended for Waves 3 & 4.• Wave 3 and 4 – these customers received an amended revised version of the health check letter which didn't refer to the income letter (see appendix F)
Impact on tax credits award	<ul style="list-style-type: none">• Award reduced• Award increased• Award stayed the same
Personal circumstances	<ul style="list-style-type: none">• Age• Employment Status: part time (16-30 hours per week); full time (30+ hours per week); self employed• Disability• Ethnicity• Gender• Region (spread across the UK)

For a detailed breakdown of the sample please see Appendix B.

1.5 The interviews

All of the depth interviews were exploratory and interactive in form and were structured using a topic guide (see Appendix C), which allowed flexible questioning while being responsive to the issues raised in the course of the interview. Interviews lasted approximately 60 minutes and were undertaken between June 2008 and August 2008, which was between four to six months after the pilot began. Each customer participating in the study was given £25 to thank them for their time. Interviews were digitally recorded, with the customers' permission, and transcribed verbatim to allow detailed qualitative analysis.

During the interviews, customers were provided with copies of the health check letter (matching the version of the letter they had received) for reference during the course of the interview. Further reference materials, which were shown to customers, included a copy of the annual declaration form², accompanying notes and the telephone scripts used by the HMRC advisors during the telephone calls. Examples of these materials can be found in the appendices.

1.6 Analysis and presentation of findings

The transcribed interviews were subject to a rigorous content analysis (using Matrix Mapping), which involved systematically sifting, summarising and sorting the verbatim material according to key issues within a thematic framework. Further details of the analytical process can be found in Appendix A.

The findings have been illustrated with the use of verbatim quotations. The quotations have been edited for clarity but care has been taken not to change customers' meaning in any way - alterations are shown using parenthesis and ellipses.

1.7 About qualitative research

It is important to note that the methods used in this research are qualitative in nature. This approach has been adopted to allow for individual experiences and views to be explored in detail. Qualitative methods do not allow information to be given on the numbers of people holding a particular view nor having a particular set of experiences. The aim of qualitative methods is to define and describe the range of emergent issues, rather than to measure their extent.

1.8 Report outline

Following this overview of the objectives, research design and conduct of the research, the subsequent five chapters discuss the research findings in detail. Chapter 2 examines customers' views of the health check letter. Chapter 3 considers triggers and barriers to responding to the health check letter. In Chapter 4, experiences of the Phase 1 and Phase 2 telephone call are explored. Chapter 5

² An annual declaration form asks claimants to provide details of household income from the previous tax year. The form allows HMRC to finalise the award for the year that has just past by cross-checking a claimants' actual income with any changes that may have not been notified during the year. The annual declaration form was included in the research to help researchers explore customers' understanding of the annual finalisation and renewals process.

considers the impact of the health check pilot and chapter 6 summarises the findings and draws together a set of conclusions.

A number of issues were followed up in the second stage of the research, together with new materials being tested. The findings from the second stage interviews have been integrated into the report at the appropriate points.

2 Views of the health check letter: Stage 1

This chapter explores customer views of the health check letter that was received during stage 1 of the health check pilot. The chapter begins by considering customers' reactions to receiving the letter and continues with an examination of their views of the content and their understanding of the purpose of the letter. As mentioned in section 1.4, one of two different versions of the health check letter had been sent to customers. Where reactions to the letter variations differed, these have been drawn out throughout the chapter.

For the second stage of the research a number of changes were made to the invitation letter. These are discussed in a separate section at the end of the chapter.

2.1 Reactions to receiving the health check letter

Not all customers recalled receiving the health check letter, with some saying that they saw the letter for the first time during the research interview.

Customers reacted in different ways to receiving the letter, but were mostly unconcerned. Some were surprised to be receiving a letter from HMRC while for others there was an element of concern. This was for the following reasons, and reflected the view that HMRC only wrote to customers outside of the renewal period if there was a problem with their tax credits claim:

- they were worried they had made a mistake with their tax credits claim,
- they were worried that they might have been overpaid,
- they had experienced an overpayment in the past, or had friends who had experienced an overpayment, and were worried that they had been overpaid again.

“Naturally a bit anxious. Oh gosh, why are they writing to me, what have I done?”

phase 1, wave 1 and 2, award stayed the same, (18)

“Because it is from (HMRC) and you are not used to getting letters from them, so I just jumped to the wrong conclusion”

phase 1, wave 2, award stayed the same, (58)

However, in most cases, any concerns soon dissipated once customers had fully read the letter and understood its purpose (see section 2.2 'Participant understanding of health check letter) or after they had spoken to an advisor as part of the health check call and had the purpose of the letter explained to them (see section 4.1 'Experiences of health check call').

Some customers, nevertheless, remained suspicious about why they had been sent the health check letter and others felt that they were being 'checked up on'.

"It's almost like being suspicious. So should you report changes every 6 months just to keep (HMRC) happy? That's how it kind of made me feel."

phase 1, wave 1 and 2, award stayed the same, (4)

2.2 Views about the health check letter

At the time of the research, spontaneous recall of the content of the health check letter was generally low. To aid recall and to explore their views of the health check letter, customers were provided with a copy of the letter appropriate to the wave in which they had participated:

2.2.1 Views about the content and style of language of the health check letters (All waves)

The key difference between the waves 1 and 2, and 3 and 4 letters was the introductory sentence. For example:

Wave 1 and 2 letter;

'The Tax credits Office wrote to you recently concerning an updated income figure for you for the current tax year but don't appear to have received a reply'.

Wave 3 and 4 letter;

'We want to improve the service we give to our tax credits customers and make sure they get the money they are due'.

Customers who received the wave 1 and 2 letter felt that the wording was 'strict'; some also thought it had a rather threatening tone.

"Because the tone of the letter is quite strict and quite sort of, 'you have not been in touch with us', and actually they had nothing to say. I thought, you know, something had happened that there was something seriously wrong with my (claim)"

phase 1, wave 1 and 2, award stayed the same, (2)

However, despite the perceived tone of the wave 1 and 2 letters and any initial concerns about why HMRC were writing to them, customers were generally positive about the content, language and style of the letter.

Apart from those who said that they generally had difficulties with reading formal communications, such as claim forms and other 'official' documents, no difficulties were expressed about the accessibility of the letters sent out for any of the waves.

2.2.2 Customer understanding of the purpose of the health check letter

Although customers did not generally express any difficulties with reading the letter they were not always clear about its purpose. Those who did not fully understand the letter thought they had received it for one of three reasons:

- A reminder to keep their tax credits claim details up to date.
- A reminder to renew their tax credits claim.
- An indication that there was a problem with their tax credits claim. This was primarily because of the reference to a previous letter being sent in the wave 1 and 2 letters. This was of some concern to these customers who thought they might be 'in trouble' with HMRC. One customer even thought that the health check letter indicated that their claim was under investigation for fraud.

"I was suspicious, because I just thought that (HMRC) remind you anyway, there's advertising, why would you send me a specific letter? It made me think that, maybe I'd been reported for something."

phase 2, wave 2 , award reduced by £499-£250, (5)

2.2.3 Customer understanding of the actions they were being asked to take

The health check letter asked customers to contact a dedicated health check telephone line so that they could update HMRC on the status of their tax credits claim and to notify them if there had been any changes in their circumstances.

While some customers recognised that they were being asked to call HMRC, others had different interpretations of the letter:

- Customers thought that they were going to be contacted by HMRC

"I just read it and binned it...because it said somebody was going to ring me anyway, so I thought well I don't really need it"

phase 2, wave 3, award stayed the same, (51)

- Customers should only contact HMRC if they had any changes in circumstances to report

- Customers thought this was a generic reminder letter to renew their tax credits claim

The misinterpretation of the purpose of the letter is likely to have arisen because customers often said that they had ‘skim read’ the letter.

“But then when I read it, because I think I just sort of skimmed over the letter I thought, okay so I just need to make the call.”

phase 1, wave 1 and 2, award reduced £499 -£250, (10)

2.2.4 Suggestions for improvements to the Health Check letter

Given that the health check letter was often misinterpreted, customers were asked what could be changed in order to improve understanding. A number of suggestions were made, primarily in relation to the tone of the health check letter. These included:

- Purpose of the health check letter:
 - To explain more clearly why customers are receiving the health check letter

“If it were to say, there is nothing to be concerned about, we just want to keep our records straight, for people like me that would be (better) because whenever I ring them up I get all panicky because I rely on my tax credits.”

phase 2, wave 2 , award reduced by £499-£250, (5)

- To highlight the reasons why ‘keeping tax credits right’ is important, for example, by minimising the risk of receiving an overpayment or not receiving their full entitlement

“Keeping your Tax credits right is important, maybe that needs to be emphasised more. Maybe that needs to be in different colour writing or bolder writing or in upper case. That it is important that you keep on top of it, not just for (HMRC’s) benefit. This is for your benefit, because obviously you can be owed money or you could be (accumulating) debts to [HMRC].”

phase 1, wave 1 and 2, award stayed the same, (4)

- Tone of the health check letter:

Views about the tone of the letter were very mixed. While some customers thought the tone was quite acceptable, others thought it lacked a sense of urgency. Consequently, one group of customers thought that it was more

important to have a friendly and non-accusatory tone in order to encourage a response. By contrast, others felt that the tone of the letter could be more 'urgent' as this might encourage a greater response. A claimants' suggestion for achieving this might be by using red highlighting on the envelope.

2.3 Changes made to the health check letter

A number of revisions were made to the health check letter, largely based on the suggestions for improvements made by customers during the stage 1 interviews. A copy of the letter may be found in Appendix G. The revised letter was not distributed to customers by HMRC but was shown to customers during the research interviews and their views sought. Clearly, it was not possible to gauge customers' initial reactions to receiving the letter through the post but the research has been able to consider issues of content, tone and intelligibility. The following sections consider customer views about the revised health check letter, their understanding of the letter and their understanding of the actions to be taken. This section also considers whether any further changes are required.

2.3.1 Customer views about the revised health check letter

A number of changes were made to the health check letter. These were:

- The introductory sentence from the wave 1 and 2 letter was removed, and
- The changes in circumstance that customers need to report were formatted as bullet points rather than plain text, as a means of drawing attention to their responsibilities.

Overall, the revised health check letter was seen as a considerable improvement in terms of readability over the initial drafts (waves 1 and 2, waves 3 and 4). This is for the following reasons:

- The letter was seen as less accusatory and patronising (the effect of removing the initial sentence from the wave 1 and 2 letter).
- The concerns that some customers had when they received their first health check letter were dispelled by the revised version. There was less of a suggestion that there could be a problem with their tax credits claim, which helped to remove any concerns that customers might have had

'that's much better... that wouldn't make me think like I did then and say, oh god what haven't I [reported].'

phase 2, wave 1 and 2, award stayed the same (59)

- The layout was thought to be much more eye-catching, clearer in terms of layout and easier to read.
- The bullet point format was welcomed with customers spontaneously saying that the revised format made the changes in circumstances that they need to report were much clearer to understand.

'...it's easier to understand I suppose, easier to read, because obviously of the bullet points, what you need to do, what you don't need to do.'

phase 1, wave 1 and 2, award stayed the same (19)

2.3.2 Customer understanding of the purpose of the revised health check letter

The initial health check letter received by customers was interpreted in three ways: a reminder to keep their tax credits claim details up to date; a reminder to renew their tax credits claim; or an indication that there was a problem with their tax credits claim. The changes made to the format and text of the revised letter had a very positive effect as customers now only interpreted the letter as being a reminder to report any changes in circumstances.

2.3.3 Customer understanding of the actions they were being asked to take after reading the revised health check letter

As with the initial health check letter the revised health check letter requested that customers' contacted HMRC to confirm that their personal circumstances had not changed and to check that all their details were correct.

After reading the revised health check letter customers were generally less certain about what they were being asked to do. Customers were interpreting the letter as being required to contact HMRC:

- **regardless** of whether they had any changes in circumstances to report;

'I would still ring....because it is to do with your tax credits. to make sure your money is right, and correct'

phase 1, wave 1 and 2, award stayed the same (12)

- **only** if they had any changes in circumstances to report.

'if this was sent to me now I would look at that and I would think, well nothing has changed so therefore I wouldn't feel that I needed to contact them.'

phase 2, wave 1 and 2, award stayed the same (67)

'probably would have only called them if things have changed. It says here, if any of these things have changed you need to call us'

phase 1, wave 1 and 2, award reduced by £99-£1 (25)

3 Compliance with tax credits claims and the health check pilot

This chapter explores two aspects of compliance - the reasons why tax credits customers do, or do not, comply with reporting changes in circumstances generally and the reasons for compliance, or non-compliance, with the request to call HMRC that is made in the health check letter.

In relation to the changes made to the health check letter discussed in chapter 2, the final section of this chapter considers the potential impact that the revised letter might have on tax credits customer behaviour.

3.1 Compliance with tax credits claim

Customers were compliant, or non-compliant, with their tax credits claim for four key reasons³:

- Understanding of responsibility to report changes in circumstances
- Personal organisation
- Practical barriers to reporting changes to HMRC
- Attitudes towards reporting changes to HMRC

These are discussed in more detail in the following sections.

3.1.1 Understanding of reporting changes in circumstances

When considering their responsibilities regarding their tax credits claim, customers were not always clear about where the responsibilities lay. Four key areas of misunderstanding emerged:

- **Where the responsibility lay for ensuring tax credits claim were correct**

On the whole, customers understood that they were required to keep HMRC up to date with any changes in their circumstances which may affect their tax

³ These findings differ in certain respects from the findings of previous research commissioned by HMRC: *'Exploring claimants' understanding of the tax credits system and the process of reporting changes of circumstance'*, (Opinion Leader Research; HMRC Research Report 53), available at <http://www.hmrc.gov.uk/research/index.htm>. This previous research suggested that some customers were deliberately attempting to 'flout the system', where as the current Health Check research found that non-compliance was more likely to be due to customers not understanding their responsibilities or facing practical barriers to reporting changes in circumstances. These differences may relate to the different populations being included in the two studies, with the previous study including the full range of tax credits customers and the current study focusing on a specific group of vulnerable customers. However further research will be needed to gain a fuller understanding of the reasons for non-compliance amongst different groups within the tax credits customer population.

credits award. However, there were some customers that thought that it was HMRC's responsibility to ensure that the details they held about a customer were correct. This was based on an assumption that HMRC would have access to all the information they needed to ensure accuracy of a tax credits claim, such as their income, which they assumed would be derived from the amount of income tax that they have paid to HMRC.

- **Understanding which changes in circumstances that should be reported**

Whilst customers were generally aware that it was their responsibility to report changes in circumstances, their understanding of the specific changes to report were varied. Awareness tended to relate to the circumstances of their own tax credits claim. For example, if they received financial help with childcare they were usually aware that they should report any changes in their childcare costs. The changes in circumstances that were spontaneously mentioned were:

- **Household composition** (children leaving full-time education, new baby/child, new partner)
- **Childcare** (amount, cost)
- **Contact details** (address, name)
- **Work** (hours, salary, role, employer)

- **Awareness of when to report changes**

Customers were not always clear that they had to report changes in circumstances as soon as they occurred, with some taking the view that they only need report a change during the annual renewal process. This clearly affected whether they were compliant or not. Those who thought that changes need only be reported annually were only compliant at the point of renewal. Others waited for a while in order to check that their changes in circumstances were permanent, such as a change in income.

- **Understanding the consequences of not reporting changes**

Tax credits customers broadly understood that if HMRC were not kept informed of changes in circumstances then there were a range of possible consequences. Customers' perceptions⁴ of what could happen included:

- Overpayment
- Cessation of award
- Fines
- Criminal record
- Imprisonment

Whilst overpayments were of key concern, customers were not always clear how they occurred. For example, some assumed that if they avoided contact with HMRC they would be less likely to receive an overpayment (in that it was reporting the change in circumstances to HMRC which resulted in the overpayment). This view affected whether they contacted HMRC or not.

3.1.2 Personal organisation

Customers varied considerably in their personal organisation with some being very highly organised and others describing themselves as 'very unorganised'. At the time of the research there were customers who were not very organised but felt they had previously been more organised with their finances. In these cases there had usually been a recent life event such as a family bereavement, redundancy, a change in job role, or a change in working hours which had affected their personal organisation.

In addition to their general approach to financial organisation, daily life events such as working hours, family responsibilities (collecting children from childcare) and other daily responsibilities (grocery shopping, preparing meals, bathing children, other caring responsibilities) had an impact on how organised they might be at any particular time.

⁴ It is not standard HMRC procedure to fine customers or to try to obtain a criminal conviction and/or imprisonment in cases where customers have made an error when claiming tax credits. In cases where customers have made an error that has resulted in an overpayment, it is standard HMRC policy to attempt to recover that overpayment either by reducing subsequent payments on ongoing claims, or, in cases where the claim has been terminated, by arranging either direct single repayments or setting up 'time to pay' arrangements with the customer. In some cases where customers do not respond to HMRC's requests to repay outstanding debts arising from error, HMRC will obtain a County Court Judgement against the claimant. HMRC may issue fines or instigate criminal proceedings in cases where there is evidence of tax credits customers committing fraud against the department.

3.1.3 Practical barriers to reporting changes to HMRC

There were a number of practical barriers that affected the ability of a tax credits customer to report changes of circumstances. These were:

- **Perceptions of the cost and length of telephone call to the HMRC health check helpline:** based on prior experience of contacting HMRC helplines, as well as the helplines of other organisations, such as utility companies, customers were concerned about the potential length and cost of a call to the health check helpline. This was particularly so for those who used a mobile telephone to make calls and acted as one barrier to getting in touch with HMRC.
- **The opening times of the health check helpline** – which as it operated between 8am and 5pm – proved to be a practical barrier to some customers, particularly working parents. This was partly because they were unable to use a telephone for personal reasons during their working hours, or that they did not wish to discuss personal issues within earshot of colleagues.

In the revised letter that was shown to tax credits customers as stage 2 of the research the helpline hours were given as 8am to 10pm⁵. Those who had indicated that the shorter opening times were a problem for them viewed this positively. These customers also indicated that they would be more likely to comply with a request to contact HMRC if the opening times were longer.

The revised health check letter also promoted the 'call back' service a little more than the original letter. This was also viewed very positively, with the suggestion that take-up of this facility would increase.

- **Ability to provide information about changes in circumstances:** customers were not always able to report changes promptly as they did not necessarily have the information to hand, such as P60s. In addition, some customers waited to report changes in income in order to make sure that they were permanent and to work out what the effect might be on their net income.

⁵ This does not imply that HMRC will in the future adopt these opening hours for their helplines.

3.1.4 Attitudes towards reporting changes to HMRC

Customers mostly thought of themselves as being compliant and would report any change in circumstances as they occurred. However, as mentioned above, reporting may not be for some time after a change in circumstance in order that customers may work out the overall impact on their income.

However, a handful of customers spontaneously described themselves as being non-compliant and avoided their responsibilities. This behaviour was often underpinned by a lack of understanding of how tax credits worked. For example, some customers thought that by not reporting a change in circumstance to HMRC they would *reduce* the chances of receiving an overpayment.

Case study: 'non-compliant and did not wish to report changes'

Ken generally avoids anything to do with finances. He is not very confident with paperwork and often does not open letters from HMRC when they arrive. Ken is aware that he needs to report changes in his circumstances and has had changes in the past that he knew he had to report. However, Ken will not report these changes until he has to (e.g. renewals) as he is worried that he will receive an overpayment. Whilst having some awareness of what changes he has to report, Ken does not have a very good understanding of his tax credits claim and how to avoid overpayments.

phase 2, wave 1 and 2, award stayed the same, (3)

3.1.5 Key customer groups in terms of compliance with their tax credits claim

The health check pilot was focused on lone parents that had not contacted HMRC since their last renewal. At the point of the health check pilot, customers could either be compliant because they had no changes in circumstances to report or non-compliant in that their circumstances had changed but they had not reported them. (Tax credits customers that had experienced a change in circumstances since their last renewal and had reported this change to HMRC would not have been included in the health check pilot).

Taking the tax credits customers in the study as a whole, six key types of customers emerged, as detailed in table 3.1.

Table 3.1: Compliance with responsibilities as a tax credits customer – key customer groups

Compliant with tax credits claim
1: Compliant by default - compliant and proactive
Change in circumstance to report?: No
Were changes reported?: N/A.
Aware of responsibilities?: Yes
Personally organised?: Yes
Any practical barriers to reporting?: No
Attitudes towards reporting changes?: Aim to be compliant
These customers did not have any changes to report and therefore had not contacted HMRC. However, they understood their responsibilities as tax credits customers and experience few barriers to contacting HMRC. As a result these customers are potentially compliant and proactive customers.
2: Compliant by default – potentially non-compliant due to lack of understanding
Change in circumstance to report?: No
Were changes reported?: N/A
Aware of responsibilities?: No
Personally organised?: Yes generally
Any practical barriers to reporting?: No
Attitudes towards reporting changes?: Aim to be compliant
These customers have a low awareness and understanding of their responsibilities to report changes in circumstances, but generally experience few practical barriers to contacting HMRC. These customers did not have a change of circumstance to report and therefore were compliant with their claim. However, their poor understanding of their responsibilities may prove to be a barrier to compliance in the future.

Non-compliant with tax credits claim

3: Non-compliant and disorganised

Change in circumstance to report?: Yes

Were changes reported?: No

Aware of responsibilities?: Yes

Personally organised?: No

Any practical barriers to reporting?: No

Attitudes towards reporting changes?: Aim to be compliant

Personal organisation is a key barrier to compliance with their tax credits claim for these customers. When they experienced a change in their circumstance they were aware of their responsibility to report the change to HMRC but had difficulty finding the time to actually contact HMRC. As a result they did not report the change and were not compliant with their claim.

4: Non-compliant and facing practical barriers

Change in circumstance to report?: Yes

Were changes reported?: No

Aware of responsibilities?: Yes

Personally organised?: Yes generally

Any practical barriers to reporting?: Yes

Attitudes towards reporting changes?: Aim to be compliant

Whilst having some awareness of what changes to report these customers experience more practical barriers to contacting HMRC. This can include concerns about the cost of the phone call to HMRC or possibly difficulties or lack of confidence in dealing with their personal finances.

5: Non-compliant and did not wish to report changes

Change in circumstance to report?: Yes

Were changes reported?: No

Aware of responsibilities?: Yes

Personally organised?: Yes generally

Any practical barriers to reporting?: No
Attitudes towards reporting changes?: Avoidant of HMRC
Concerns about the consequences of reporting changes in circumstances to HMRC act as a key barrier to these customers contacting HMRC to report changes. They are aware of the requirement to report changes but avoid contacting HMRC due to concerns about their award reducing or receiving an overpayment. As such they do not report changes to HMRC or avoid reporting them until their renewals.
6: Non-compliant and unaware of responsibilities
Change in circumstance to report?: Yes
Were changes reported?: No
Aware of responsibilities?: No
Personally organised?: Yes, generally
Any practical barriers to reporting?: Possibly
Attitudes towards reporting changes?: Aim to be compliant
Lack of awareness and understanding of their responsibilities as a tax credits customer is a key barrier to these customers. These customers had changes to report but as they did not understand their responsibilities, they did not report the changes to HMRC. These customers may also experience other practical barriers to responding, such as literacy difficulties.

3.2 Compliance with the health check letter

This section of the report considers whether tax credits customers were compliant with the health check letter. Customers either contacted HMRC in response to the letter (phase 1 customers) or they did not contact HMRC (phase 2 customers) and as a result received a telephone call from the health check pilot team.

The reasons for being non-compliant with the health check letter were broadly similar to the reasons for being non-compliant with tax credits generally, as outlined in section 3.1. The reasons for non-compliance will be discussed under the four headings below:

- Understanding of the health check letter
- Personal organisation
- Practical barriers to responding to the health check letter
- Attitudes towards responding to the health check letter

3.2.1 Understanding the health check letter

As discussed in section 2.2.2 (Customer understanding of the purpose of the health check letter), customers interpreted the health check letter in a variety of different ways, which subsequently had an effect on whether they complied with the letter. For example, those who complied with the letter and called the dedicated health check helpline were generally clear that this was what they were being asked to do.

Where the health check letter was misunderstood, customers thought that:

- HMRC would contact them.
- They need only contact HMRC if they had any changes in circumstances to report.
- The letter was a generic reminder letter to renew their tax credits claim.

The difference between the wave 1 and 2, and wave 3 and 4 letters also played a part in customer behaviour. Those who received the wave 1 and 2 letter were often confused about the reference to a previous letter, which they would not have received, and this tended to act as a trigger to contacting HMRC.

In this context, non-compliance with the health check letter was also related to literacy difficulties.

3.2.2 Personal organisation

As with reporting changes in circumstances more generally, personal organisation affected compliance with the health check letter. Lack of organisation tended to manifest itself in two ways:

- poor time management, and
- a tendency to leave letters unopened, 'skim read' letters that they do open and neglect dealing with problems until they become urgent.

As a result they either did not know what the letter was asking them to do or they misinterpreted the content. As mentioned in section 3.1.2, some customers had experienced recent life events such as a family bereavement, redundancy or a change in job role or working hours which had affected their personal organisation.

By way of example:

- **Responded to health check letter (phase 1)** – this group were characterised by the way in which they dealt with their household finances in an organised manner, opening and dealing with correspondence promptly and being ‘on top’ of their personal finances. It also includes those customers who were a little less organised but opened the health check letter and were triggered into contacting HMRC by the contents.
- **Did not respond to the health check letter (phase 2)** - less organised customers who often had not opened the envelope, or had not read the health check letter, or had misread the letter as a result of skim reading (see section 2.2).

Case study: ‘non-compliant with health check letter and disorganised claimant’

Usually Siobhan is on top of her finances and keeps HMRC up to date with any changes. However, she has recently been experiencing some family difficulties and areas like personal finances are less of a priority at the moment. Siobhan feels quite confident about her tax credits claim but she did not get around to reading the letter and therefore did not respond to the health check letter. As a consequence she was non-compliant with respect to the health check letter.

phase 2, wave 3, award reduced between £499 and £250 (63)

3.2.3 Practical barriers to reporting changes

Three key practical barriers were spontaneously mentioned by customers:

- **Accessibility of the dedicated health check helpline:** the opening hours (8am-5pm) of the dedicated health check helpline posed difficulties for some customers as they overlapped with the customers working hours, with the result that they did not respond to the health check letter (phase 2).
- **Cost of the telephone call:** the perceived cost of calling HMRC was a barrier to some customers complying with the health check letter. Not all customers were aware of the offer of a call-back made in the health check letter, primarily because they had only skim-read the letter.
- **Having information about the changes available:** customers did not always have the information about their changes in circumstances to hand at the point of receiving the health check letter, for example P60s. These

customers wanted to wait until they had this information before contacting HMRC; as a result they became part of phase 2 of the health check pilot.

“The only thing that I had to wait for was for my employer to give me my P60 so that I could finalise exactly how much I earned in the last year. Until I got that P60 I couldn’t do that”

phase 2, wave 2, award stayed the same, (67)

3.2.4 Attitudes towards responding to the health check letter

Customers varied in their attitude towards responding to the health check letter. These are described below.

- **Willing to comply with the request to contact HMRC:** generally customers that read the health check letter and understood what they were being asked to do were happy with the request to contact HMRC in response to the health check letter. Whilst some found the request patronising (because they knew that their tax credits claim was fully up to date), they were nevertheless willing to comply with the letter.
- **Prefer to avoid contact with HMRC:** some tax credits customers were concerned that if they contacted HMRC and let them know of their change in circumstances they would incur an overpayment and a reduction in their tax credits. Even though they often recognised that ultimately they would need to report their changed circumstance and that an overpayment would almost certainly result, they preferred not to do it at this time. In all cases this was because the customers made a conscious decision not to report changes in circumstances so that they could ensure a constant level of income. In their view, a reduction in tax credits would result in financial hardship.
- **Willing to comply when necessary:** a number of the tax credits customers knew that they did not have any changes in circumstances to report. They saw no reason to comply with the request to contact HMRC in the health check letter.

The wave 1 and 2 letter was generally interpreted by tax credits customers as being more urgent in its request for contact. The consequence was that customers receiving this version of the health check letter were more likely to comply with the request to call HMRC.

“I thought they had realised I had claimed something I shouldn’t have done, made a mistake, and I thought ‘how much money do I owe?’”

phase 1, wave 1 and 2, award stayed the Same, (58)

Case study: 'Compliant with the health check letter and proactive'

Sharon did not understand why she had been sent the health check letter. She has always been very quick to let HMRC know of any changes in her circumstances and feels she has a good awareness of what changes she would need to report. When the letter arrived it worried her, particularly as it said HMRC had recently tried to get in contact. Concerned that she may somehow be in trouble with HMRC she called the dedicated helpline the next evening to ask about the letter. She acted promptly because she was concerned that she may receive an overpayment or that her claim may be stopped. No changes were made to her award following the pilot.

Phase 1, Wave 1 and 2, award stayed the same (39)

3.2.5 Key customer groups in terms of compliance with the health check letter

Mapping the responses to the health check letter (section 3.2) onto compliance with tax credits generally (section 3.1.5) results in six key customer types, as detailed below in table 3.2:

Table 3.2: Compliance with health check letter – key customer groups

Compliant with health check letter
1: Compliant with the health check letter and proactive
Did they comply with the health check letter?: Yes
Understood health check letter?: Yes
Personally organised?: Yes
Any practical barriers to responding to the letter?: No
Attitudes towards responding to the letter?: Keen to be compliant
These customers have a good understanding of their tax credits claim and understood the health check letter when it came through. They are proactive about contacting HMRC about changes in their circumstances and were proactive about complying with the health check letter.
2: Compliant with the health check letter and reactive
Did they comply with the health check letter?: Yes

Understood health check letter?: Yes
Personally organised?: No, but triggered into compliance by the letter
Any practical barriers to responding to the letter?: No
Attitudes towards responding to the letter?: Aim to be compliant
Whilst having a good understanding of their tax credits claim these customers are generally non-compliant and disorganised. However the health check letter triggered them into complying.
Non-compliant with health check letter
3: Non-compliant with the health check letter and disorganised
Did they comply with the health check letter?: No
Understood health check letter?: Yes
Personally organised?: No – problems with time-management / does not recognise importance of opening letters and fully reading the contents
Any practical barriers to responding to the letter?: No
Attitudes towards responding to the letter?: Aim to be compliant
In general personal organisation is a key barrier to compliance with their tax credits claim for these customers. Similarly, their organisational abilities acted as a key barrier to complying with the health check pilot. Whilst aware that they were being asked to contact HMRC, they found it difficult to find the time to make the telephone call.
4: Non-compliant with the health check letter and facing practical barriers
Did they comply with the health check letter?: No
Understood health check letter?: :Yes
Personally organised?: Yes, generally
Any practical barriers to responding to the letter?: Yes
Attitudes towards responding to the letter?: Aim to be compliant
These customers understood the health check letter and that they were being asked to contact HMRC. However, they experienced practical barriers in complying with the pilot, such as concerns about the perceived cost of the call and the opening hours of the helpline.

5: Non-compliant with the health check letter and did not wish to report changes

Did they comply with the health check letter?: No

Understood health check letter?: :Yes

Personally organised?: Yes, generally

Any practical barriers to responding to the letter?: No

Attitudes towards responding to the letter?: generally avoid contact with HMRC

Concerns about the consequences of contacting HMRC act as key barrier to these customers reporting changes in circumstances. These customers understood that they were being asked to contact HMRC but chose not to comply with the letter as they were concerned that they may receive an overpayment and their tax credits would reduce.

6: Non-compliant with the health check letter and had no changes to report

Did they comply with the health check letter?: No

Understood health check letter?: Yes

Personally organised?: Yes, generally

Any practical barriers to responding to the letter?: No

Attitudes towards responding to the letter?: Aim to be compliant when necessary

These customers understood the health check letter but had no changes to report and so decided not to comply with the health check letter. Such customers have a good understanding of their tax credits claim and felt that as they had no changes to report that they did not need to contact HMRC despite understanding that this was what they were being asked to do in the health check letter.

3.3 Compliance with the revised health check letter

Having read and discussed the revised health check letter customers were asked to consider how, if they received the letter in the post, how they would respond. ‘Would they contact HMRC or not?’

Considering the typology of responses to the initial health check letter discussed in the previous section, there was only limited movement between non-compliance and compliance. This is summarised in the table below.

Customer type	Likely behaviour if they had received the revised health check letter
1. Compliant with the health check letter and proactive	Remained compliant
2. Compliant with the health check letter and reactive	Remained compliant
3. Non-compliant with the health check letter and disorganised	If customer was likely to open the letter then they may become more compliant
4. Non-compliant with the health check letter and facing practical barriers	Likely to remain non-compliant as the practical barriers were not addressed
5. Non-compliant with the health check letter and did not wish to report changes	Remains non-compliant
6. Non-compliant with the health check letter and had no changes to report	Mixed response with some customers becoming compliant as the letter is more encouraging; others remain non-compliant

Customers who were compliant in relation to the initial health check letter received remained compliant. These individuals were generally proactive in dealing with their tax credits claim and would remain so. The improved clarity of the letter also acted as a trigger to those customers who opened their letters but were then generally disorganised to become more proactive.

'Well I acted on that anyway, but if I got this, I'd probably be more inclined to react quicker. I think it perhaps maybe it's stating it's more important how you have to pay back the overpayment, you have to pay it back it's there, in black and white'

phase 1, wave 1 and 2, award stayed the same (2)

Where movement occurred amongst the customers who were non-compliant this tended to be because they were more comfortable with the tone of the letter and the greater clarity of the drafting made it easier for them to understand what they had to

do or they were encouraged to act because of the greater clarity over the actions required.

'I would probably ring them up because this is actually saying please call us. Whereas that one was saying if there are any changes to tell us about.'

phase 2, wave 1 and 2, award stayed the same (13)

However, there remained a group of customers for whom the revised letter would not encourage them to act. Customers who did not want to report changes in circumstances to HMRC remained non-compliant. To some extent their view was strengthened as they felt that the revised letter lacked any sense of urgency.

'Oh it is one of those letters again isn't it. That is what you think, I don't think that is a forceful way for you to realise, to me it is just a waste of money'

phase 2, wave 1 and 2, award stayed the same (1)

The lack of any sense of urgency was also noticed by other customers. In these instances it meant that while compliant individuals would remain compliant, they may not act on the letter quite so quickly.

Additionally, the group of customers that did not have any changes to report and were non-compliant with the initial health check letter were mixed in their likely reaction to the revised version. Some would now become compliant; others would remain non-compliant. The difference in reaction was down to how they read the letter and whether they interpreted it as only requiring them to contact HMRC if they had any changes in circumstances to report.

3.4 The likely effect on customer behaviour if the health check letter specified a timeframe for their most recent contact with HMRC

When revising the health check letter some thought was given as to whether the letter should specify a timeframe over which the customers last had contact with HMRC. Two versions were tested and likely reactions sought. The versions were:

- 'We haven't heard from you in a while...'
- 'We haven't heard from you since...'

Almost universally, customers preferred the first version, with a more vague timescale seen in the most positive light.

The second version – with a specific timeframe – was viewed negatively as it gave the impression that they were being checked up on by HMRC. The phrasing was seen as *'accusatory'* and *'big brotherish'*.

Considering the overall impact of the two versions of the timeframe phrasing, the second example with the specific timeframe placed HMRC in a negative light, primarily because of the feeling of being checked up on that it seemed to imply. It was not thought to have any effect on the likelihood of contacting HMRC either.

Additionally, there was felt to be a potential danger that if the customer had contacted HMRC and this was a different time to that mentioned in the letter it could imply that HMRC was unable to keep accurate records, which in itself could have a negative impact on how customers view HMRC.

4 Experiences of the Health Check telephone call: phase 1 and 2

This chapter discusses customers' experience of the health check telephone calls in phase 1 and 2, including understanding of the purpose of the call, their ability to provide information and views about how the advisor handled the call. This chapter concludes with recommendations made by customers for improving the quality of the telephone call.

4.1 Experiences of responding to the Health Check phone call - phase 1

The health check letter asked customers to contact HMRC using a dedicated helpline⁶. All health check pilot customers were flagged by HMRC systems as being customers in the pilot.

Some customers called the general tax credits helpline in response to the health check letter rather than the dedicated helpline. Where this was the case - and this was noticed by general helpline staff - they were transferred to the dedicated health check helpline. However, there were some instances where customers were not identified as being part of the pilot. These customers were not transferred to the health check team and did not take part in a phase 1 telephone call. These individuals received a phase 2 call from HMRC (and were sampled accordingly).

Experiences of the phase 1 telephone call were generally very positive, although there were some exceptions. Less positive customers tended to be those who had proactively contacted HMRC as a matter of course (compliant and proactive and compliant and reactive customers – see section 3.2.5). These individuals felt patronised by the telephone call specifically and the health check pilot generally, seeing it as a 'waste of their time'.

"In my mind there should have been a really good reason for them to write me a letter like that, yes? And then I call them up and they say oh, no worries, we just wanted an update. I think that's (messing) people about."

phase 1, wave 1 and 2, award stayed the same, (4)

Customer experiences of the telephone calls are discussed in four parts: telephoning HMRC, providing information (where necessary) about changes in circumstances; being informed of potential changes to their award and HMRC informing customers of the need to report changes.

⁶ The team responsible for handling the calls received and made during the Health Check pilot comprised of HMRC Compliance officers, including officers who had previous experience of working on the tax credits helpline.

- **Telephoning HMRC**

- **Access to advisors** - customers found that ‘getting through’ to an HMRC advisor was quick and easy. This was felt to be an improvement upon previous experiences of contacting HMRC tax credits helplines and to be simpler than automated helpline services provided by other organisations.⁷

“I got through ever so quick... I am so used to when you phone up places, you have got to press this number or you have got to press that number”

phase 1, wave 1 and 2, award stayed the same (12)

Where difficulties arose it was because of the restricted opening times of the dedicated health check helpline (8am – 5pm).

- **Customer service provided by dedicated helpline advisors** - upon receiving the health check letter some customers were a little concerned about their tax credits claim. Advisors were described as friendly and helpful, quickly putting customers at ease and clearly explaining the purpose of the health check letter.
- **Offer to call back customer** - the offer to be called back was welcomed by those who were aware of it, particularly as the perceived cost of the call was a key concern to some customers.

Case study: ‘Compliant with the health check letter and proactive’

Jane is usually organised with her finances – she keeps on top of her bills and her tax credits claim. She has a good understanding of tax credits and understands the changes in circumstances she needs to report. Recently, Jane had been really busy at work - she is training for a supervisory role and this had meant increasing her working hours. She had also increased her childcare hours to help make her available for work. As a result of her extra hours, Jane has not been able to find time to contact HMRC about these changes. When the health check letter arrived, it acted as a reminder to contact HMRC and whilst she found the opening hours of the helpline difficult she contacted HMRC through the dedicated helpline. Jane’s award changed by less than £100.

phase 1, wave 3, award reduced by £99-£1 (29)

⁷ When recalling their experiences of telephoning the tax credits dedicated helpline, customers often compared their experiences of using helplines with various organisations within both the public and the private sector.

- **Providing information (where necessary) about changes in circumstances**

Few difficulties were reported in being able to provide the required information about changes in circumstances. Where customers were unable to provide the information on the spot, they were asked to call HMRC back once they had it to hand. Customers did not consider this to be burdensome. It was also noted that the advisors had been very polite and friendly. Where information held by HMRC had been incorrect they did not feel that they were being treated in an accusatory or suspicious manner. Incorrect information could have been held by HMRC for one of two reasons: first, the customer may have been behind in reporting a change in circumstances; second, the customer was quite sure that they reported changes to HMRC but were of the opinion that HMRC had not recorded the information correctly.

- **Being informed of potential changes to their tax credits award**

Some customers recalled being informed, towards the end of the telephone call, that their award may increase or decrease. This helped to prepare them for any changes in their award. This was particularly so for those who experienced large overpayments (see section 5.3 'Impact on views of tax credits and HMRC').

- **HMRC informing customers of the need to report changes**

Part of the telephone call was designed to give information to customers about the importance of notifying HMRC of any changes in circumstances. Generally, there was little recall of this part of the telephone call, even after showing customers the script that the HMRC advisors would have used. Customers did not mind the principle of being reminded about the changes to report, although those who considered that they already had a good understanding of tax credits ('compliant and proactive' and 'non-compliant with the health check letter and had no changes to report') customers found this a little patronising.

4.1.1 Customers' recommendations for improvement

Overall, tax credits customers were very positive about the Phase 1 telephone call in terms of how it was handled by HMRC staff. Their only recommendation for improvement was to increase the opening hours of the dedicated helpline. Ideally, customers suggested opening the helpline at weekends and an extension of the opening hours to 8pm during weekday evenings.

4.2 Experiences of receiving the Health Check telephone call – phase 2

Those customers who did not respond to the health check letter received a telephone call (phase 2) from HMRC approximately two weeks after receiving the health check letter. Recall of the details of this telephone call was limited among customers, with some being unable to recall the call at all. Others found it difficult to differentiate their experiences of the health check telephone call from other telephone calls that they had had with HMRC during the period of the health check pilot.

As with customers' experiences of phase 1, experiences of the phase 2 call were also very positive. Customers welcomed the telephone call, seeing it as a reminder to report changes in circumstances and being provided with an opportunity to report changes where appropriate.

- **Being contacted by HMRC;**
 - Receiving the telephone call from HMRC – at first, customers felt a little concerned about receiving a call from HMRC in case the call indicated that there were problems with their tax credits claim. Some raised concerns about the legitimacy of the call, but were put at ease by the advisor being able to provide personal information about the customer (for example, the amount of their tax credits claim and the age of their children). Furthermore, having the purpose of the call clearly explained to them helped to reassure them.

“It’s always worrying, you know...although you know you haven’t done anything you think ‘oh I wonder what I have done’. (the advisor) said something to break the atmosphere straightaway so then you feel relaxed”

phase 2, wave 1 and 2, award stayed the same (1)

- The offer to call the customer back at a more convenient time was very highly welcomed.
- **Providing information (where necessary) about changes in circumstances** - as with phase 1, tax credits customers experienced few difficulties with providing information about changes in their circumstances. Where customers did not have this information to hand they were happy to call HMRC back at a later date.
- **Being informed of potential changes to their award** - those who recalled being informed that their award might increase or decrease following the pilot felt more prepared for any changes, as with the phase 1 telephone call.

- **Informing customers of the need to report changes** - as with phase 1, recall of the 'education' section was low, but customers nevertheless generally welcomed the principle of being reminded about the changes they needed to report to HMRC.

4.2.1 Customers' recommendations for improvement

As with the phase 1 telephone call, tax credits customers were very complementary about the way in which the call was handled by the HMRC advisors. Their only recommendation was for a more effective and consistent way of reassuring customers about the legitimacy of the call.

5 Impact of the Health Check Pilot

This chapter begins by considering the financial impact of the health check pilot on customers' overall financial position. Following this, the impact of the pilot on their understanding of their tax credits claim and their views towards tax credits and HMRC are explored. This chapter concludes by considering the impact of the pilot on future behaviour and reporting changes in circumstances to HMRC.

One aspect of the second stage of the research was to consider whether there had been any longer term effect of the health check pilot on customer understanding of tax credits. These findings are reported, where relevant, throughout this chapter. Additional questions were also asked in the second stage of the research about customer understanding of the finalisation process. These are reported in a separate section of this chapter.

5.1 Impact of the Health Check Pilot on customers' financial circumstances

Following participation in the health check pilot, customers' tax credits awards stayed the same, reduced, or increased (see appendix B for a detailed breakdown of the sample).

The financial impact on the household of a reduction in tax credits was related to the amount of change and the reasons for change.

Increases in tax credits awards were welcomed; the impact on the household depending on the amount of any increase. Small increases tended not to be noticed; larger increases had a positive effect on a household's standard of living.

Where a reduction in tax credits award was due to a decrease in the amount, or cost, of childcare, households felt little effect as they no longer had the same financial outgoings. However, if the reasons for change were a change in income or the rectification of an error, then the customer was more likely to notice the effect on the household as there were no changes in expenditure to compensate.

Similarly, in terms of the scale in reduction, a reduction of £50 a year had little impact on the household finances; a reduction of £500 a year had a more significant impact, which in some cases came as a shock:

"I don't know how much it had gone down, I think about £50 a week. (I felt) like crying, because it's a lot of money"

Phase 1, wave 2, award reduced by £999-£500 (16)

In these latter cases customers indicated that they had adopted a 'back to basics' way of living by buying 'value' products and avoiding treats and 'extras' such as new children's clothes.

5.2 Impact of the Health Check Pilot on customer understanding of tax credits

Customers who experienced a large reduction (for example £500 a year) in their tax credits were generally aware of the reason for the change. However, where the reduction (or increase) was smaller (such as £50 a year) customers were much less clear about why their award had changed following participation in the pilot, or the changes in circumstances that had contributed to the change in their award.

Where participation in the health check pilot had an impact on customers' understanding of tax credits it did so in two ways. First, and where the greatest effect appeared to lie, it provided a reminder to report changes in circumstances; second it helped to increase understanding of the changes that needed to be reported for some customers.

Customers who were able to reflect on the changes in their understanding now recognised that they should report *decreases* in their income as well as *increases*. This was typically amongst the 'compliant by default' and 'non compliant and disorganised' (see section 3.1.5) groups of customers.

"(The advisor) said, 'You know, you can claim more money than you are claiming because of your hours'. I wouldn't even have given it a thought... I would tell them if my money went up but not when it goes down."

phase 1, wave 1 and 2, award increased (44)

5.3 Impact of the Health Check Pilot on customer understanding of the tax credits renewal process

Customers were generally very clear about the purpose and timing of the renewal process. They recognised that the purpose of renewals was the annual opportunity to update HMRC, confirm that all the information is current, update any changes in circumstances that had not already been reported and estimate their income for the coming year.

There was some indication that in order to avoid an overpayment at the end of the tax credits year, some customers would under-estimate their income. This was especially so for those who worked irregular hours and for whom an income was unpredictable.

April was seen as the tax credits renewal time, although not all renewed immediately. Some customers recalled that the reason for a delay in renewing was usually a delay in receiving a P60 from their employer.

Telephone renewal was preferred. This was because it was generally viewed as faster than completing a paper renewal form and because the adviser asks a series of questions, resulting in the customer being less likely to make any mistakes.

The only downsides to telephone renewal were an inability to get through to HMRC and the perceived cost of the calls, especially if using a mobile phone.

5.4 Suggestions for improving the education section of the telephone script

In considering the impact of the telephone call on their understanding of tax credits, customers, upon reading the telephone script (see appendix H and I) suggested the following improvements:

- **Understanding of terms** - customers were not always clear that *household makeup* referred to all the occupants within their house and felt that a different term would be more appropriate.
- **Formality of the telephone script** - it was felt that the script could benefit from being friendlier in tone and less official, for example by stressing that HMRC 'are here to help rather than hinder'.
- **Consequences of not reporting changes accurately** - it was suggested that new customers would benefit from having the consequences of not reporting changes in circumstances clearly explained at the end of the script.

5.5 Impact of the Health Check Pilot on customer understanding of tax credits after the second stage interviews

As discussed earlier, tax credits customers were generally aware that they had to report one or more of: changes in income, childcare, working hours, household composition, or issues such changes in bank account details. Understanding was usually related to their own circumstances. So, for example, a customer who was not working and claiming just Child Tax Credit was less likely to mention that customers need to report changes in job, working hours or income.

At the second stage of interviewing, there was only a very small change in understanding of the changes in circumstances that needed to be reported. Where this occurred it meant that the individual had a slightly wider understanding of the *range* of circumstances that needed to be reported, even if they did not currently apply to them. When asked about how this increased understanding had come

about, it was usually because of their previous discussion with the research interviewer.

A possible reason for a lack of increased understanding is that if customers have been in touch with the HMRC helpline they are asked by the advisor about a list of possible changes in circumstances. Recognising that they may be prompted in the future by HMRC advisors there is little need to recall all the change in circumstance reporting requirements.

'When you do it over the phone they do go through a list of all the stuff and ask if anything else has changed.....they do give you a run through of any change [to report]'

phase 1, wave 1 and 2, award increase (44)

The phase 1 research findings indicated that customers were not always clear at what point to report a change in circumstances – at the point at which they are told they will receive an increase in work income, or when they actually receive that income, for example.

This uncertainty continued into the second phase of the research and was reinforced by contacts they had with HMRC. In these instances they had reported a change in circumstances before it had actually happened and had been advised by HMRC to call back when the change had actually occurred. They had no concerns about calling back in the future.

'I'm not sure as to whether you should ring when you've just got it as a word rather than in your hand'

phase 2, wave 1 and 2, award stayed the same (59)

5.6 Impact of the Health Check Pilot on customer understanding of the tax credits renewal process after the second stage interviews

There was no difference in customers' understanding of the purpose, timing and process of the renewal process at the second stage of interviewing. This is likely to be because it was a well-known aspect of tax credits and there was little more for customers to know.

5.7 Impact of the Health Check pilot on views of tax credits and HMRC

Broadly, participation in the health check pilot had a limited impact on customer views of tax credits and HMRC. Customers were generally positive about their tax credits claim prior to the pilot and remained generally positive afterwards. Where

feelings about their tax credits claim and views of HMRC had changed, they were focused on the following areas:

- **Confidence in claiming tax credits** - those who felt their understanding of their tax credits claim had increased following participation in the pilot felt more confident in dealing with their tax credits claim.
- **Trust in HMRC** - during the pilot, there were instances where large overpayments had been identified resulting in a large decrease in tax credits award following the pilot. This could have a major effect on how HMRC were viewed, depending on who the customer blamed for the changes.

Customers who recognised that the overpayment occurred because they had not informed HMRC of changes in their circumstances held themselves responsible and their views towards HMRC did not change following participation (see section 4.1 'Experiences of responding to the health check phone call – phase 1). However, a view that recurred throughout stage 1 and stage 2 of the research, that of customers who felt that HMRC had incorrectly recorded previous changes in circumstances, was they were often angry with HMRC and their trust in HMRC reduced following the pilot.

Case Study: 'Compliant by default – potentially non-compliant due to lack of understanding'

Deb knew that she had to report changes in her circumstances although she was less sure about what changes she had to report but she had some experience of contacting HMRC in the past to inform them of changes to her childcare arrangements. When the health check letter arrived she understood that HMRC wanted to check her details and called the dedicated helpline as the letter requested. Deb was shocked to find out that she had been overpaid by over £1000 due to HMRC having incorrect childcare details for her. Deb stated that she had called HMRC to report these changes but the information had been recorded incorrectly.

As discussed in section 4.1, some tax credits customers felt that the pilot had been a waste of their time. However, they recognised that HMRC were trying to ensure that claims were up to date and so their attitude towards HMRC did not change.

5.8 Impact of the health check pilot on future behaviour in dealing with a tax credits claim

Reflecting on the health check pilot, customers generally felt that there would be no change in their behaviour regarding notifying HMRC of changes in circumstances,

although there were some exceptions. This was primarily because most of the customers in this study considered that they knew what changes to report and that they were either generally compliant or intentionally non-compliant.

However, there were a few customers who felt that their behaviour would change following participation in the health check pilot. Considering those whose behaviour would change, some would make an active effort to report changes in circumstances while others would adopt a strategy to avoid overpayments. For example:

- **Reporting changes in circumstances** – following an increase in their understanding of what changes to report, there were customers who felt they would be more likely to contact HMRC in the future and report changes of circumstances.

“My attitude started to be a little different because I thought, well maybe it is not as bad as I thought...and I don't have to feel 'oh what are they going to take from me?'... if they sent me another letter I would feel quite comfortable ringing them up now.”

phase 1, wave 3, award reduced by £99-£1 (29)

- **Avoiding overpayments** – where overpayments had been identified during the pilot, this had made some customers reconsider how they dealt with their tax credits claim. While some intended to contact HMRC more regularly to report changes in circumstances, others said they would avoid overpayments by *overestimating* their income which would result in a decrease in tax credits award, but from their perspective, a reduced chance of receiving an overpayment.

“I've said that I'm going to earn (more than I will) this year so it might be a little bit lower than what I should be getting, but I'd rather do that than getting a higher Tax credits and then having to pay it back.”

phase 2, wave 1 and 2, claim reduced by £999-£500 (38)

There was some indication that customers may rely on future ‘reminders⁸’ from HMRC to report changes in their circumstances. Customers generally welcomed being involved with the pilot, with one or two suggesting that they may no longer need to remember to contact HMRC themselves to report changes, although this finding was not evident in the stage two interviews.

⁸ HMRC did not give any indication during the pilot that a ‘reminder’ to report changes in circumstances would be provided in the future.

5.9 Customer understanding of the tax credits finalisation process

The second stage interviews asked a series of questions about the tax credits finalisation process. Comparable questions were not asked in the first phase and so it is only possible to consider whether involvement in the health check pilot may have had an impact on tax credits understanding in a wider sense.

Customers in this research were unaware of the finalisation process and assumed it was an internal HMRC process. They did not associate it with the adjustment of their tax credits claim at the end of the year.

6 Summary and Conclusions

This chapter provides a summary of the key findings and draws together a set of conclusions.

6.1 Overall views about participating in the health check pilot

Overall, views of taking part in the health check pilot were positive. While for some customers the letter inviting them to contact HMRC was of some concern to them, generally they welcomed the communication from HMRC. This was because it acted as a reminder to report any changes in their circumstances and served to reassure customers that their details were up to date. For some, the pilot also increased their confidence in dealing with their tax credits claim.

Those who were less positive about the pilot were the customers who already considered they had a good understanding of the changes in circumstances that needed to be reported to HMRC and who had already done so. They considered the pilot to be a 'waste of time' and a little patronising as they did not need a reminder to contact HMRC to report changes in circumstances.

Health check advisors were said to be helpful and friendly. Even where large overpayments had been identified the non-accusatory manner of the advisors helped customers to accept that they had received an overpayment. Generally customers saw HMRC as trying to help them rectify any overpayments rather than causing them financial difficulty.

"Well yes it's always useful to know the consequences of everything you're doing. So yes, I think that's very important. Then you know where you stand then"

phase 2, wave 1 and 2, award reduced by £499-£250 (10)

6.2 Factors affecting the response to the health check letter

Overall, there were four key factors that determined whether customers would report changes in circumstances and respond to the health check letter:

- Understanding of the health check letter
- Personal organisation
- Practical barriers to responding to the health check letter
- Attitudes towards responding to the health check letter

The changes made to the revised health check letter were very positively regarded. The change in format, use of bullet points and changes to the text meant that customer understanding of the purpose of the letter was enhanced.

6.3 Impact of health check pilot

The key impact of the health check pilot was to serve as a reminder that tax credits customers were required to report changes to HMRC. For some, it also acted as:

- A trigger to report outstanding changes in circumstances
- A means of increasing confidence in dealing with tax credits, and
- A stimulus to be more proactive about reporting changes in circumstances in the future

Considering the impact of the health check from the point of view of the second stage of the research, there was only a small increase in understanding of customers responsibilities to report changes in circumstances, primarily because they were either aware of the changes to report or focused only on those that were currently relevant to them.

There was some indication that the revisions to the health check letter could enhance compliance. This was because the purpose of the letter was easier to understand and the call back facility was highlighted more effectively.

6.4 Conclusions

Tax credits customers generally welcomed HMRC contacting them about their tax credits claim and reminding them that they were required to report any changes in their circumstances. Whilst they felt that they were generally aware that they are required to report changes, this research highlighted a number of reasons why customers fail to report such changes. This included a sketchy understanding of tax credits, poor organisational skills and practical difficulties in getting in touch with HMRC.

When reflecting on the impact of the health check pilot, customers generally felt that it had had a limited impact beyond acting as a reminder to report changes in circumstances and helping to ensure that their claim was up to date. However, for some, they felt that with their increased knowledge about how tax credits work they would become more proactive in reporting changes in circumstances following participation in the health check pilot.

Appendix A: Technical Appendix

A brief outline of the research design and conduct is given in chapter 1 of this report. This appendix provides further details of the research methods used in this study. A copy of the topic guide used during the in-depth interviews can be found in Appendix C (stage 1 research) and Appendix D (stage 2 research).

Research Design

The research was qualitative in design, adopting in-depth interviews in order to examine customer s' experiences of the health check pilot. A qualitative approach to the research enabled respondents to raise issues of importance in their own words and vocabulary, in the context of their own circumstances and, with probing by the interviewer, ensured issues were explored and examined in full. As qualitative methods permit researchers to adapt their approach during the interviews, interviewers were able to be sensitive to the needs and circumstances of the respondents.

Sample design and selection

As is usual in qualitative research, the sample was designed to ensure full coverage of the key sub-groups within the target population, in order to identify and explain variations in behaviour and views. Purposive sampling was used to structure the sample of respondents to ensure that the range of attitudes and approach to reporting changes in circumstances was covered in the research.

Recruitment criteria for the health check pilot was based on the following behaviour patterns of those who were sent the health check letter:

- Responded to the health check letter within a two week period and spoke with an HMRC advisor (phase 1).
- Did not respond to health check letter within two week period and subsequently received a phone call from a HMRC advisor (phase 2).

Additional primary quotas included;

- **Received either version;**
 - wave 1 and 2 health check letter; or
 - wave 3 and 4 health check letter.
- **Changes to award as a result of participation in the Tax credits Review:**
 - Award reduced

- - £1000 or more
 - - £999 to £500
 - - £499 to £250
 - - £249 to £100
 - - £99 to £1
- Award stayed the same / increased

Additional recruitment criteria were used to ensure a diverse sample. These were:

- **employment status:**
 - self employed
 - working full-time
 - working part-time
- **age:**
 - 18-35
 - 36+

During stage 1 of the research 50 respondents were recruited and interviewed across England and Wales.

The stage 2 research saw 40 respondents re-visited and their views, experiences and the impact of the health check pilot explored further.

Recruitment was managed by our internal field team who used telephone recruiters from Kantar Operations Telephone Unit to recruit participants. The field managers were fully briefed on the project and provided with detailed recruitment instructions and a screening questionnaire in order to assess respondents' eligibility to participate in the research. Contact details of potential respondents were provided by HM Revenue and Customs and respondents were recruited using telephone recruitment. The recruiters were members of the IQCS (Interviewers Quality Control Scheme) at the time of recruitment.

Conduct of the interviews

The in-depth interviews were carried out by qualitative researchers who have extensive experience and have been trained in the techniques of non-directive interviewing.

At each household, the interview was carried out with the household member who was responsible for dealing with tax credits. Each interview was exploratory and interactive in form so that questioning could be responsive to the experiences and circumstances of the individual respondent. Interviews were based on a topic guide

(see Appendix C), which listed the key themes and sub topics to be addressed and the specific issues for coverage within each. Although topic guides help to ensure systematic coverage of key points across interviews, they are used flexibly to allow issues of relevance for individual respondents to be covered through detailed follow-up questioning.

The wording of the questions and the conduct of interviews were designed to be appropriate to the needs and circumstances of the people being interviewed. All members of the research team took part in a briefing to ensure the interviewing approach was consistent across the interviews.

The interviews were conducted at a venue convenient to the respondent; this tended to be the respondent's home, though there were respondents who opted to have the interview conducted at alternative venues, such as their place of work. All interviews were digitally recorded and transcribed verbatim.

It is customary practice to use respondent payments when carrying out qualitative research and as such all respondents were given £25 as a 'thank you' for taking part in the research.

Analysis

Material collected through qualitative methods is invariably rich but unstructured. Much of it is text based, consisting of verbatim transcriptions of interviews. Moreover, the internal content of the material is usually in detailed and micro form (for example, accounts of experiences and inarticulate explanations). The primary aim of any analytical method is to provide a means of exploring coherence and structure within a cumbersome data set whilst retaining a hold on the original accounts and observations from which it is derived.

The analysis of the in-depth interviews was undertaken using a qualitative content analytic method called 'Matrix Mapping', which involves a systematic process of sifting, summarising and sorting the material according to key issues and themes.

The first stage of 'Matrix-Mapping' involves familiarisation with the data (in the form of verbatim transcripts) and identification of emerging issues. Based on this preliminary review of the data, as well as the coverage of the topic guide and the researchers' experiences of conducting the fieldwork, a thematic framework is constructed.

The analysis then proceeded by summarising and synthesising the data according to this thematic framework that comprises a series of subject charts displayed in Excel.

Data from each interview transcript was summarised and transposed under the appropriate subject heading of the thematic matrix. The context of the information

was retained and the page of the transcript from which it came noted, so that it was possible to return to a transcript to explore a point in more detail or to extract text for verbatim quotation. Once the data had been sifted a map was produced which identified the range and nature of views and experiences, sought associations and patterns within them and provided explanations and underpinning factors.

The mapping process is similar regardless of the topic being considered. The analyst reviews the summarised data; compares and contrasts the perceptions, accounts, or experiences; searches for patterns or connections within the data and seeks explanations internally within the data set. Piecing together the overall picture is not simply aggregating patterns, but weighing up the salience and dynamics of issues, and searching for structures within the data that have explanatory power, rather than simply seeking a multiplicity of evidence.

Appendix B: Sample Matrix

50 depth interviews	Award (PRIMARY QUOTAS – will take precedence over Wave quotas if necessary)						Wave		
	Reduced			Stayed the same/ increased			1 or 2	3 or 4	
Letter (25)	At least 12					At least 12		At least 3	At least 3
	-£1,000 or more: At least 3	-£999 to -£500: At least 2	-£499 to -£250: At least 2	-£249 to -£100: At least 3	-£99 to -£1: At least 2	Stayed the same: At least 6	Increased: At least 5		
Telephone (25)	At least 12					At least 12		At least 3	At least 3
	-£1,000 or more: At least 2	-£999 to -£500: At least 2	-£499 to -£250: At least 2	-£249 to -£100: At least 2	-£99 to -£1: At least 2	Stayed the same: At least 6	Increased: At least 3		

Appendix C: Stage 1 Topic Guide

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TG1 (Main Stage) V2



HMRC – Tax credits Health Check Pilot

(Main Stage): Topic Guide

Research aims:

To explore:

- Claimants' history of their tax credits claim and reasons for contacting / not contacting HMRC in the past;
- Claimants' understanding of their responsibilities regarding claiming tax credits and the implications of not notifying HMRC of changes in circumstances;
- Claimants' views and experiences of receiving a letter as part of the Tax credits Health Check Pilot and reasons for their response to HMRC (contacted / not contacted);
- The effect of the information and advice given during the telephone call (where appropriate) on claimants' understanding of the tax credits process;
- Claimants' understanding of what happened to their tax credits claim following the Health Check.

1) INTRODUCTION

- About the research.
 - About a 'tax credits review' pilot which they have recently participated in
 - HMRC is interested in exploring their experiences, views and opinions – both positive and negative - of the 'tax credits review' pilot so that HMRC can improve the process in the future for customers of tax credits
 - The Tax credits review is also part of a wider programme of work aimed at improving the tax credits system for customers like themselves (note, if they have any questions about the other work being done to improve tax credits, ask them to call Ben Savage at HMRC on 020 7147 3371).
- Commissioned by HMRC - the government department responsible for tax credits, formed following the merger of Inland Revenue and HM Customs and Excise
- BMRB - an independent research agency working on behalf of HMRC

- Length of interview – 1 hour
- Confidentiality and anonymity - recordings are confidential and available only to the research team
- Reassurance that a claim for any current or future Tax credits will not be affected in any way
- Explain that this is a piece of research and not part of the Tax credits process. Customer will need to inform HMRC about any changes in their circumstances which may have an impact on their claim; this will not be done by the researcher as a result of the interview
- **Note: Customers will not be familiar with the term 'Health Check'. Refer to the Pilot as a 'Tax credits Review'**

2) HOUSEHOLD AND TAX CREDITS PROFILE (ASK ALL)

- Household composition
 - Number in household; who are they
 - Number of children, age(s) –if applicable
- Employment status
 - What sort of work do they do
 - How long have they been working
 - Part time / full time, self employed
 - How many hours a week do they work
 - Stability of working pattern
- Housing
 - Renting (local authority, housing association or privately), an owner occupier or another arrangement
- Whether they have a disability
 - Nature of disability and whether it affects how they work
- Explore what tax credits they are claiming
 - PROBE BUT DO NOT PROMPT for:
 - Child Tax credits;
 - Working Tax credits;
 - Childcare Element of the Working Tax credits;
 - Disability Element of the Working Tax credits;
 - Disability Element of the Child Tax credits.
 - NOTE: CUSTOMERS MAY NOT DISTINGUISH BETWEEN THE DIFFERENT TAX CREDITS – PLEASE EXPLORE THEIR UNDERSTANDING USING THE TERMINOLOGY/LANGUAGE THEY USE.
 - How long have they been claiming these

3) APPROACH TO HOUSEHOLD FINANCIAL MANAGEMENT (Briefly – this section is to provide a context only) (ASK ALL)

Management of general finances

- How do they deal with managing and budgeting the household finances
 - Obtain brief description about whether they use a 'common pot' for their earnings and tax credits, do they use 'cash pots' or different bank accounts to allocate money for different purposes, do they receive income from any other sources (probe sensitively around income from partners as are recruited as lone parents)
- How do they keep track of their money
 - Explore whether and how they keep track of their money; such as a monthly review of bank statements; use a diary etc. to write down transactions; software such as MS Money, etc.
- How would they describe their overall approach to dealing with household finances
 - Explore whether their financial management is proactive or reactive
 -

Management of tax credits specifically

(Note: respondent may not know very much about tax credits so handle sensitively)

- How do they use tax credits
 - Views about how much tax credits contribute to the financial well-being of the household
- How would they describe their overall approach to dealing with tax credits

**4) UNDERSTANDING OF THE TAX CREDITS PROCESS
(ASK ALL)**

(Note: respondent may not know very much about tax credits so handle sensitively)

Spontaneously first, then prompt

- **Who do they think is eligible to claim Tax credits:**
 - eligibility criteria (income, children, age, disability)
 - the information needed by HMRC to enable a claim to be made
 - the need to report changes in circumstances
- **Understanding of reporting changes in personal circumstances to HMRC**
PROBE BUT DO NOT PROMPT FOR:
 - AWARENESS OF:**
 - Need to report changes in circumstances
 - What changes need to be reported:

- number of adults in household
 - partners; relationship breakdown; new partner
 - responsibility for child/ren
 - eligibility of child for support
 - amount or cost of childcare
 - working hours (no longer working at least 16 or 30 hours)
 - UK residence (leaving the UK permanently or temporarily in relation to family death)
- How soon changes need to be reported
 - Spontaneous awareness of period; PROBE: what do they think the rules are currently?
 - In an ideal world, how long do customers think they should be given to report changes of circumstances after they happen? PROBE: Reasons for this; should there be any differences depending on the change being reported.
- How to report changes in circumstances
- Experience of reporting changes in past
 - how was this done; impact on claim
- Awareness of Tax credits Helpline; experience of using Helpline
- Views on the purpose of the Helpline
- Feeling about calling the Tax credits Helpline; any anxiety/nervousness
- **Understanding of potential outcome if change of circumstances not reported to HMRC**

Spontaneously at first but then prompt:

 - Customers incurring overpayments or underpayments
- **Understanding of renewals process**
 - Spontaneous understanding of how to renew Tax credits claim
- **Recall of receiving Annual Declaration Form and accompanying notes**

NOTE: Customer would have received these documents recently this year and/or last year between April and July – last renewed tax credits claim.

- Recall of completing form; any difficulties; what and why

Note to Researcher:

OFFER CLAIMANT COPIES OF ANNUAL DECLARATION FORM AND ACCOMPANYING NOTES. PLEASE NOTE, SOME CLAIMANTS MAY HAVE ALREADY RECEIVED THESE DOCUMENTS THIS YEAR, WHILE OTHERS MAY NOT HAVE YET RECEIVED THEIR FORMS FOR THIS YEAR. PLEASE DISCUSS IN TERMS OF THEIR MOST RECENT EXPERIENCES (I.E. EITHER THIS YEAR'S OR LAST YEAR'S FORMS). PLEASE NOTE – THE FORM AND NOTES ARE ONLY TO JOG THEIR MEMORY, AND SHOULD ONLY BE REFERRED TO BRIEFLY - THE CLAIMANT SHOULD NOT SPEND TIME READING THEM IN DETAIL.

- Check respondents understanding of form and accompanying notes
- Completing form
- Process used to fill out form (e.g. systematically section by section; all in one go or over a period of time, etc.)
- Consider format of the form
 - Can anything be changed to make the form more clear/ easier to read and understand
 - Usability and clarity of form
 - Any questions that were difficult to understand
 - How could they be made easier to understand

5) EXPERIENCE OF THE 'TAX CREDITS REVIEW'

Note to researcher: This section is divided into three parts:

- 5a) Experience of receiving letter from HMRC (**ASK ALL**)
- 5b) Responding to the letter from HMRC (**ASK LETTER RESPONDERS ONLY**)

5a) Experience of receiving letter from HMRC (**ASK ALL**)

Note to researcher:

Say to respondent: 'In February or March of this year you should have received a letter from HMRC about your Tax credits claim and inviting you to call them. This was part of a pilot scheme that HMRC were running.'

- **Recall of receiving the letter [ask respondent not to read through letter yet, but answer based on previous knowledge of letter]**
 - Awareness of who HMRC were prior to receiving letter
 - Understanding of why they received the letter
 - Feelings about receiving letter; reasons for this
 - Actions taken: read and filed letter; filed without reading; threw away without reading; how soon action taken; reasons for action
- **If they did read the letter:**

- Understanding of actions they were being asked to take (to call HMRC to inform of changes to circumstances)
 - What actions were taken regarding their claim; why [*Briefly explore here, explore in more detail in section 5b for 'Letter responders'*]
 - IF IN WAVES 1 AND 2: recall of reference to previous letter being sent; any concerns about this; any confusion
- **Understanding of letter having read it in interview** [allow respondents to briefly read through letter]
 - Understanding of letter
 - Any particular words or terms confusing [probe sensitively, respondent may have difficulty with reading]
 - Changes needed
 - Any difficulties with reading forms/letters more generally; why
 - Views on: format; content; formality; other
 - Changes needed
 - Ask respondent to describe the letter in three words
 - IF REMEMBER RECEIVING THE LETTER: has their understanding/views of letter changed since reading it again; how; What do they think about the letter now, reading it again?

5b) Responding to the letter from HMRC

(ASK LETTER RESPONDERS ONLY)

- **Action taken once received letter**
 - What action was taken (refer back to response in section **5a Recall of receiving the letter**)
 - Why decided to take action
 - How soon after receiving the letter did they contact HMRC
 - If Wave 1 or 2: explore whether reference to previous letter had any impact on their actions.
- **Customers expectations having responded to HMRC letter**
 - What did they expect to happen when calling HMRC;
 - Level of customer service; advisors attitude;
 - Actions required by respondent; did they need to provide information
 - Content of phone call; information they were expecting from advisor
 - Any concerns with responding to the letter / phoning HMRC
 - How did the experience match their expectations; similarities, differences, positives, negatives.
- **Experiences of contacting HMRC via telephone**

- Which Helpline called – dedicated or general
 - Where did they get telephone number from [if telephone number used was that printed on the letter or whether taken from other source e.g. website; other HMRC correspondence. Other source = General Helpline, Letter = dedicated Helpline]
 - Experience of using general/dedicated Helpline
 - Were both Helplines used; why
- Explore for general/dedicated Helpline as appropriate
 - Ability to 'get through' on first call; if unable, how many times taken
 - Length of time to 'get through' to HMRC advisor;
 - Did they leave a message on the 'out of hours' line asking to be called back; were they called back as requested?
 - What worked well/less well

Note to researcher:

INFORM CLAIMANT: The telephone number given in the letter was for a dedicated Helpline, set up specially to take calls relating to the letter, rather than for the general

• **FOR THOSE WHO CALLED DEDICATED HELPLINE:**

- **Overall view of dedicated Helpline**
 - Spontaneous reaction then probe; helpfulness, positive and negative aspects of Helpline
 - What are preferred opening hours; why (probe childcare; work hours)
- **Recall of Telephone Call to dedicated Helpline**
 - Any explanation given for being contacted by letter; if so, what
 - Understanding of explanation given by advisor
 - Understanding of what they were being asked to do by advisor [provide information regarding any changes in circumstances]
 - Ability to provide information; any problems - why
 - Any concerns
 - Any suggestions for improvement

Note to researcher

PLEASE READ OUT – “I have here a copy of the script or guidance used by the HMRC advisor when you spoke to them. Please could you have a read through and then we can discuss it? HMRC advisors were asked to use this script as a guide rather than to follow it word for word.” [Please read through the script out loud with respondents if they seem to be having any difficulties

- Views on script;
 - Initial reactions towards script;
 - Understanding and formality of wording

- Level of information provided; is there enough information to explain purpose of the call.
 - How does the script compare to respondents' experience; similarities, differences
-

5c) Receiving a Review telephone call from HMRC

(ASK TELEPHONE RESPONDERS ONLY)

- Explore any reasons for not making contact with HMRC after receiving letter
 - *Spontaneous and then probe :*
 - Attempts to call the Helpline; any difficulties
 - If no attempt made; why not -
 - Any messages left on the 'out of hours' line asking to be called back? If so; were they called back
 - Organisational skills / busy routine/
 - Problems/concerns relating to the letter
- **For those who attempted to call Helpline**
 - **Overall view on dedicated Helpline**
 - Spontaneous reaction then probe; helpfulness, positive and negative aspects of Helpline
 - What are preferred opening hours; why (probe childcare; work hours)
- **Explore views on aim of letter being to encourage customers to call the Helpline.**
 - What part/s of letter effective in encouraging people to call Helpline; what parts ineffective; why
 - What would encourage THEM (and other people) to call the Helpline
 - Likelihood of contacting HMRC about changes in circumstances if receive a letter in the future; any influence from:
 - Aspects about letter itself;
 - Feelings towards the Helpline;
 - Understanding of responsibility to report changes of circumstances to HMRC
 - Other
 - Which reason is most significant
- **Recall of HMRC Telephone Call**
 - Understanding of the purpose of the call:
 - Why they had been called by HMRC;
 - Purpose of the call; any confusion about why called by HMRC; how was this explained them
 - Did they understand that the call was from HMRC
 - What information were they asked to provide; any problems providing info; why

- Convenience of telephone call
 - Time of day phone call was received, helpfulness of phone call etc
 - [Inform respondent - the Helpline was only open from 9am to 5pm on weekdays. This meant that advisors were not able to call you in the evenings or at weekends]
 - Any times more convenient for respondent; when; why

- Views on being contacted directly by HMRC
Spontaneous the probe:
 - feelings of being called at home;
 - views about call being invasive
 - whether this was related to when they called
 - positive / negative aspects of experience
 - Whether they welcomed the opportunity to notify HMRC about any changes of circumstances.

- Views on how the telephone call was handled by the HMRC advisor
 - Views on advisor: friendliness; helpfulness; why
 - Changes that could be made for improvement to telephone call

Note to researcher:

PLEASE READ OUT;– “I have here a copy of the script or guidance used by the HMRC advisor when you spoke to them. Please could you have a read through and then we can discuss it? HMRC advisors were asked to use this script as a guide rather than to follow it word for word.” [Please read through the script out loud with respondents if they seem to be having any difficulties]

- Views about the script;
 - What did they expect to happen when calling HMRC;
 - Level of customer service; advisors attitude;
 - Actions required by respondent; provide information
 - Content of phone call; information they were expecting from advisor
 - How does the script compare to respondents’ experience; similarities, differences
 - Any improvements to script; what; why

6) VIEWS ABOUT THE EDUCATIONAL ASPECT OF THE TELEPHONE CALL (ASK ALL)

Note to researcher:

PLEASE READ OUT – *‘As we can see on the script, at the end of the Tax credits Review telephone call, the HMRC adviser will also have given you some information about the tax credits process...’*

- **Recall of ‘Education’ section of telephone call**
 - What information can they remember
 - Spontaneous at first then probe on:
 - Importance of notifying HMRC of any changes in circumstances
 - Types of changes in circumstances which need to be reported
 - Consequences of not notifying HMRC of changes
 - Any difficulty understanding ‘education’ information; what; why

- **Explore their views about being given this information**
 - Purpose of being given this information
 - Views about being given information;
 - Previous awareness of information
 - Usefulness of information; why/why not – was information relevant to them
 - Did it act as a reminder
 - Any queries/concerns about information; advisor response to these queries; views on response

- **Impact of ‘education’ on their behaviour**
 - Any increase in understanding of Tax credits following ‘education’ information; what now aware of
 - How will the ‘education’ affect their behaviour in the future
 - [Challenge whether education will really affect future behaviour]

- **Impact of overall telephone call on their behaviour**
 - How will the call impact on their behaviour or how they deal with their tax credits claim?
 - [Challenge whether telephone call will really affect future behaviour]

7) EFFECT OF ‘REVIEW’ TELEPHONE CALL ON THEIR TAX CREDITS CLAIM (ASK ALL)

- **Changes to award following the Tax credits Review**
 - Any indication given during the phone call of possible changes to their award following the Tax credits Review

- What information were they told; how did they feel being told this
- **ASK ALL WHOSE AWARD WAS CHANGED FOLLOWING THE HEALTH CHECK (AS INDICATED ON THE SAMPLE RECORD):**

Note to researcher:

CUSTOMERS WHOSE AWARD HAS BEEN CHANGED WILL HAVE BEEN SENT AN AWARD NOTICE INFORMING THEM OF THEIR REVISED AWARD.

- Did amount actually increase/decrease
 - By how much did amount change; views about this change
 - Impact of change on them and their family
- Understanding of why there was a change in their Tax credits
 - Spontaneous at first then probe;
 - Related to the discussion they had with HMRC
 - Awareness of what information they gave to HMRC would have resulted in the change in their Tax credits
- **Recall receiving an award notice following the Tax credits Review,** (NOTE: This would have told them how much their award has changed following the Tax credits Review)
- **Views about the award notice**

Note to researcher:

PROBE SENSITIVELY – CUSTOMERS MAY NOT BE AWARE OF THIS YET; THESE ISSUES WILL BE EXPLORED FURTHER AT STAGE 2.

- Recall of receiving award notice
- Understanding of information included in award notice
- IF THEY SAID THEY WERE GIVEN AN INDICATION OF WHAT MIGHT HAPPEN TO THEIR AWARD BY THE ADVISOR:
 - How did the information given on the award notice compare with what told by the advisor during the phone call.
- Did they notice whether the award notice mentioned them incurring an under-payment / over-payment
 - If overpayment/underpayment received – understanding why this was received; how did they understand why this was received (were they told by HMRC advisor)
 - Views about this

- **Views and attitudes towards their tax credits claim after the review**
 - Probe on changes, both negative and positive and reasons why:
 - Attitudes towards HMRC
 - Attitudes towards Tax credits
 - Attitudes towards reporting changes in circumstances
- **What else can HMRC do, to encourage tax credits customers to report changes of circumstances to the general tax credits Helpline? *PROBE: Why do you say that?***
- **Overall, how do they think the Tax credits Review they experienced could be improved in the future**

Re-emphasise that this is a piece of research and not part of the tax credits process. Customer will need to inform HMRC about any changes in their circumstances which may impact on their claim.

Offer Helpline number to respondent: 0845 300 3900.

Thank participant and close discussion

Appendix D: Stage 2 Topic Guide

45107353
August 2008
TG2 (Stage 2) V2



HMRC – Tax credits Health Check Pilot

Stage 2 Revisits: Topic Guide

Research aims:

To explore:

- How understanding and views of any overpayments or underpayments identified during the health check may have changed since the last interview
- How understanding and views of what happened to their award following the health check may have changed since the last interview
- Whether the priority given by respondents to managing their tax credits claim has changed since the last interview
- The impact of the Health Check Pilot on claimants understanding of the finalisation and renewals process
- The impact of the Health Check Pilot on claimants' behaviour with regard to finalising their claim for the previous year (2007-08) and renewing it for the current year (2008-09). In particular, whether the pilot appears to have made claimants more proactive (i.e. more likely to report changes of circumstances) or more passive (i.e. dependent on further initiatives such as the Health Check to remind / help them to report changes of circumstances).

Additional specific aims are to explore:

- Whether the Health Check pilot letter should specify a time frame where contact was not made between the respondent and HMRC
- Views of the 5pm cut off time for the dedicated Health Check Pilot helpline opening time

1) INTRODUCTION

- About the research – revisiting people who took part in the Tax credits Review pilot in February/March 2008. This research is aiming to catch up with people who took part in the earlier research to explore what has happened since and how their views of the pilot may have changed over time.
- Commissioned by HMRC, the government department responsible for tax credits.
- BMRB are an independent research agency working on behalf of HMRC
- Length of interview – 1 hour
- Confidentiality and anonymity - recordings are confidential and available only to the research team
- Reassurance that any current or future dealings with HMRC will not be affected by taking part in the research
- ***Note: Customers will not be familiar with the term 'Health Check'. Refer to the Pilot as a 'Tax credits Review'***

2) CURRENT HOUSEHOLD AND TAX CREDITS PROFILE

Note to researcher: allow respondents to answer spontaneously. Briefly check through details on pro-forma and explore any differences between respondents' current household composition and that at the time of the stage 1 interview.

- Household composition
 - Number in household; who are they
 - Number of children, age(s) –if applicable
- Employment status
 - What sort of work do they do
 - How long have they been working
 - Part time / full time, self employed
 - How many hours a week do they work
 - Stability of working pattern
- Housing
 - Renting (local authority, housing association or privately), an owner occupier or another arrangement
- Whether they have a disability
 - Nature of disability and whether it affects how they work
- Explore what tax credits they are claiming
 - PROBE BUT DO NOT PROMPT for:
 - Child Tax credits;

- Working Tax credits;
- Childcare Element of the Working Tax credits;
- Disability Element of the Working Tax credits;
- Disability Element of the Child Tax credits.

NOTE: CUSTOMERS MAY NOT DISTINGUISH BETWEEN THE DIFFERENT TAX CREDITS – PLEASE EXPLORE THEIR UNDERSTANDING USING THE TERMINOLOGY/LANGUAGE THEY USE.

- How long have they been claiming these
- Any differences in household composition between stage 1 and stage 2 interview
 - Explore nature of these differences

3) APPROACH TO HOUSEHOLD FINANCIAL MANAGEMENT – Changes since the Health Check Pilot

(Briefly – this section is to provide a context only)

- Explore if there have been changes in approach to management of finances since the Health Check Pilot;
 - Nature of changes – e.g. how prioritise dealing with tax credits
 - Probe for reasons for change/not changing
 - Explore any impact of Health Check Pilot
- Impact of change of financial management to;
 - The household budget
 - Overall financial circumstances
 - Approach to tax credits

4) IMPROVING THE EXPERIENCE OF THE HEALTH CHECK PILOT

- **Recall of receiving the Letter (Briefly show to respondents the version of the Health Check letter they would have received – either wave 1/2 or 3/4)**
 - REFER TO LINE *'Don't worry about the cost of the call because we can call you back once you have contacted us if you wish'*. Explore:
 - How they feel generally about the cost of calling either the dedicated helpline or the general tax credits helpline.
 - Does this affect whether they would call HMRC
 - Whether they are a 'mobile only' household; whether they have a 'pay as you go' mobile; and if so, whether they sometimes run out of credit and are unable to call the tax credits helpline (e.g. to report changes of circumstances) as a result.
 - Any further suggestions for improvement

Note to researcher:

ALLOW RESPONDENTS TO SEE 'RE-DRAFTED' VERSION OF THE LETTER

- **Explore and compare differences between actual letter received and redrafted letter;**
 - Understanding of re-drafted letter
 - Any particular words or terms confusing
 - Explore whether letter should specify a time frame (e.g. we haven't heard from you for six months)
 - Affect this might have on response to letter e.g. negative or positive
 - Any other changes needed
 - Views on: format; content; formality; other
 - Changes needed
 - Ask respondent to describe the letter in three words; why.
 - Views if had received re-drafted letter
 - Reasons for any differences
 - Affect of redrafted version on approach to response; e.g. more/less urgency to respond
 - Reasons for change in approach

5) EFFECT OF HEALTH CHECK PILOT ON THEIR TAX CREDITS CLAIM

- **Changes to award following the Tax credits Review**
 - If any changes to award
 - By how much did award amount change
 - Views about award change
 - Financial impact of change on them and their family

6) UNDERSTANDING OF RENEWALS AND FINALISATION PROCESS

- **Spontaneous understanding of how to renew Tax credits claim, PROBE for;**
 - Purpose of renewals
 - Process to renew
- **Understanding and views of renewal (most recent renewals period in April-July 2008):**
 - HAND CUSTOMER COPIES OF RENEWAL FORMS, INCLUDING ANNUAL REVIEW FORM, ANNUAL DECLARATION FORM AND NOTES TO ACCOMPANY ANNUAL DECLARATION FORM. *Note: Use as prompts to jog customer's memory rather than letting them read forms in detail*
 - Recall of renewing **most recent claim**; timing
 - Understanding of renewal forms; clarity, concept etc
 - Whether extra assistance was sought when renewing e.g. from tax credits helpline
- **Perceived affect of Health Check Pilot on behaviour when renewing claim;**
 - Explore any changes in attitude towards renewing claim as a result of participation in the Health Check Pilot

- Perceived affect of Health Check Pilot in attitude towards finalisation of claim
 - Explore any changes in attitude/approach
 - Reasons for change e.g. Health Check Pilot

7) IMPACT OF THE HEALTH CHECK PILOT ON UNDERSTANDING AND AWARENESS OF TAX CREDITS AND WHAT CHANGES TO REPORT

Note to researcher: allow respondents to answer spontaneously. Briefly check through details on pro-forma and explore any differences between respondents' current understanding and awareness of tax credits and that at the time of the stage 1 interview.

- **If any changes to award –**
 - Understanding of why there was a change in their Tax credits**
 - Spontaneous at first then probe;
 - Reporting changes of circumstances within the Health Check Pilot
 - Explore understanding of how changes in circumstance relate to possible over/underpayments
- **Understanding of reporting changes in personal circumstances to HMRC**
 - The need to report changes in circumstances
 - What changes need to be reported:
 - number of adults in household
 - partners; relationship breakdown; new partner
 - responsibility for child/ren
 - eligibility of child for support
 - amount or cost of childcare
 - working hours (no longer working at least 16 or 30 hours)
 - UK residence (leaving the UK permanently or temporarily in relation to family death)
 - How soon changes need to be reported
 - How to report changes in circumstances
- **Any changes in understanding of Tax credits and what to report;**
 - Understanding of notifying HMRC about changes in circumstances e.g. how soon changes need to be reported, how to report changes.
 - Implications of not reporting changes; incurring overpayments/underpayments

8) IMPACT OF THE HEALTH CHECK PILOT ON CONTACTING HMRC TO REPORT CHANGES IN CIRCUMSTANCES

- **Any changes in circumstances since the pilot that have impacted the Tax credits Award, PROBE for;**
 - Changes in income; new job, changed working hours,
 - Changes in childcare costs
 - New Partner
- **If there have been changes in circumstances explore what action taken; whether reported, not reported – reasons why**
- **If have reported changes exploring the following including reasons for actions;**
 - What action taken
 - When changes reported
 - Experiences of reporting changes
 - Ability to 'get through' to HMRC
 - Any difficulties/barriers to contacting HMRC
 - Any change in approach/attitude to reporting changes since Tax credits Review; explore reasons for changes
- **If have experienced changes in circumstances but have not reported these to HMRC explore the following including reasons why ;**
 - Reasons for not reporting changes
 - Spontaneous at first then probe on:
 - Personal organisation
 - Awareness of what changes to report
 - Fear of overpayment
 - Opening hours of helpline
 - Waiting for another 'Tax credits Review' [Health Check]
 - Any other barriers
 - If waiting for another 'Tax credits Review' [Health Check], why is this?
 - Any change in approach/attitude to reporting changes since Tax credits Review; explore reasons for changes

9) OVERALL VIEWS OF PILOT

It not discussed explicitly;

- **Impact Tax credits Review has had on whether the report changes to circumstances;** reasons why
- **Views on how they deal with claims;**
 - If reactive;
 - barriers stopping them from being pro-active (e.g. life events, personal organisation etc)
 - Affect of Tax credits Review on approach
 - If pro-active;

- affect of Tax credits Review on approach
- **Views on general idea of Tax credits Review (designed to check whether customers have had any changes in circumstances that they had not reported)**
 - Explore what they think of this idea in general.
 - Explore whether customer can remember the last time they were in contact with HMRC, excluding the Tax credits Review. How long ago was this? Can they remember the reason for the contact?

NOTE TO RESEARCHER If necessary, explain that the renewals process (briefly show renewals forms again) is designed to check for changes of circumstances at the end of each year and that the Tax credits Review is designed to check for changes within each year)

- Explore amount of time HMRC should wait after renewals before contacting customers as part of the Tax credits Review.
- Any particular time of customers lives that a reminder would be helpful; spontaneous at first then PROBE;
 - When child reaches 16
 - Around school holidays (change in child care costs)
 - Any others?
- Explore benefits of being contacted at this time.
- **Views on changes to award**
 - IF AWARD REDUCED: Explore whether customer realises that the TC Review saved them from incurring a larger overpayment
 - IF AWARD INCREASED: Explore whether customer realises that the TC Review ensured that they received all the money to which they were entitled
 - IF AWARD STAYED THE SAME:
 - Explore whether they realise that the Health Check could potentially help to minimise overpayments or underpayments;
 - Explore whether they think this would benefit them personally, and if so why/why not
- **Explore views on previous research that found the Tax credits Review to be 'patronising'**
 - Agree / Disagree
 - Reasons why
- **What else can HMRC do, to encourage tax credits customers to report changes of circumstances to the general tax credits Helpline? PROBE: Why do you say that?**
- **Explore preferred times of day for contacting HMRC**
 - Probe for views of the 5pm cut-off on the Health Check Pilot dedicated helpline
 - Suggested opening hours, reasons why
 - Impact this may have had on response to Health Check letter
 - Views on leaving a message and call-backs during office hours.

- Considering all the issues discussed and all their experiences during and since the pilot, what do they think of the Tax credits Review overall? *PROBE: Why do you say that?*
- Overall, how do they think the Tax credits Review they experienced could be improved in the future

Re-emphasise that this is a piece of research and not part of the tax credits process. Customer will need to inform HMRC about any changes in their circumstances which may impact on their claim.

Offer Helpline number to respondent: 0845 300 3900.

Thank participant and close discussion

Appendix E: Health Check Letter Wave 1 and 2 (original)



**HM Revenue
& Customs**

City Centre House
30 Union Street
Birmingham
B2 4AG

«Title» «Name» «Surname»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

«POSTCODE»

Date 01 July 2009
Our ref «Reference_no»
Your ref

Tel 0121 535 6966
Monday to Friday 8:00am to 5:00pm

Tel 0121 535 6743
Out of hours number

www.hmrc.gov.uk

Dear «Title» «Surname»

Re. Tax credits

Keeping your tax credits payments right is important.

The Tax credits Office wrote to you recently concerning an updated income figure for you for the current tax year but don't appear to have received a reply. It also appears that we haven't heard from you in a while. We want to improve the service we give to our tax credits customers and make sure they get the money they are due. To help achieve this we want to make sure that all the details we hold for you and your circumstances are up to date because we work out your tax credits based on those details.

Please call us between the hours of 8.00am and 5.00pm Monday to Friday on 0121 535 6966 quoting the reference shown at the top of this letter. We will then help you by checking that the information we hold is correct and up to date. Don't worry about the cost of the call because we can call you back once you have contacted us if you wish.

When you do call please quote the reference number above and have your national insurance number handy so that we are able to access your records. You can find this on your Tax credits award notice.

If you are unable to call during these hours please call the out of hours number above when it is convenient, leave a message explaining when it is best to call you and we will call you back.

If you have an advisor acting for you, then please show them this letter.

Yours sincerely

Tax credits Review Team

Appendix F: Health Check Letter Wave 3 and 4 (original)



City Centre House
30 Union Street
Birmingham
B2 4AG

«Title» «Name» «Surname»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»
«POSTCODE»

Tel 0121 535 6966
Monday to Friday 8:00am to 5:00pm

Tel 0121 535 6743
Out of hours number

www.hmrc.gov.uk

Date 01 July 2009
Our ref «Reference_no»
Your ref

Dear «Title» «Surname»

Re. Tax credits

Keeping your tax credits payments right is important.

We want to improve the service we give to our tax credits customers and make sure they get the money they are due. We see that we haven't heard from you in a while and we want to make sure we have up to date details about you and your circumstances because we work out your tax credits based on those details.

Please call us between the hours of 8.00am and 5.00pm Monday to Friday on 0121 535 6966 quoting the reference shown at the top of this letter. We will then help you by checking that the information we hold is correct and up to date. Don't worry about the cost of the call because we can call you back once you have contacted us if you wish.

When you do call please quote the reference number above and have your national insurance number handy so that we are able to access your records. You can find this on your Tax credits award notice.

If you are unable to call during these hours please call the out of hours number above when it is convenient, leave a message explaining when it is best to call you and we will call you back.

If you have an advisor acting for you, then please show them this letter.

Yours sincerely

Tax credits Review Team

Appendix G: Health Check Letter Stage 2 (Revised)



City Centre House
30 Union Street
Birmingham
B2 4AG

«Title» «Name» «Surname»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»
«POSTCODE»

Tel 0121 535 6966
Monday to Friday 8:00am to 5:00pm

Tel 0121 535 6743
Out of hours number

www.hmrc.gov.uk

Date 01 July 2009
Our ref «Reference_no»
Your ref

Dear «Title» «Surname»

Re. Tax credits

As we haven't heard from you for a while, we need to make sure that we have the right information about you and that you are getting the right amount of tax credits.

We base your tax credits on:

- your family circumstances
- your income
- the hours you work
- any childcare you pay for.

So, if any of these things have changed, you need to call us on the above number now. If you wait:

- you may not get all the money you are entitled to, or
- you may build up an overpayment that you have to pay back.

When you call, please quote the reference above and have your most recent Tax credits Award Notice and National Insurance number handy. Don't worry about the cost of the call, we can call you back as soon as you contact us if you wish.

If you cannot call between 8.00am and 5.00pm, please call the out of hours number above and leave a message. Tell us when it is best to call you, and we will call you back.

If you have an adviser acting for you, then please show them this letter.

Yours sincerely

Tax Credits Review Team

Appendix H: Phase 1 Call Script

Transformation Programme

Health Check Service Improvement Module (SIM)

Phase 1 Call Script

When answering a call say "Good Morning/Afternoon, Revenue and Customs"

- If the person can not speak English you should follow the Big Word process to handle the call in accordance with the rest of the guidance.
- If the customer asks if you can call them back, arrange a convenient time and make a note of the customers' name, Telephone number, NINO and reference number on the call back diary for the appropriate day

If the customer is happy to carry on with the call?

- Say to them

"Can I just take a moment to explain why we have contacted you? But before I do that can you please confirm your name, NINO and DOB?"

Details correct?

- No, ask the customer to call back on the dedicated number when they have the information to hand.
- Thank the customer for their time, end the call
- Yes, tell the customer, "We have contacted you because our records show that we haven't heard from you for a while and we want to make sure that the details we hold for you are correct and up to date so that you are receiving the right amount of tax credits"
- Ask "Have you had any changes in your circumstances since you renewed your claim last year (April to August) and when did they occur? *(At this stage do not prompt the customer, make a note of changes and dates occurred. If there are any changes amend the award details and thank the customer for the information.)*
- Ask "Is it OK for me to go through the rest of the information that we have for you so that we can make sure the details we hold are correct and up to date. This should only take a few minutes." *(Make a note of any changes and dates they occurred)*
- Or, if there are no voluntary changes "Is it OK for me to check the information we have for so that we can make sure the details we hold are correct and up to date?". *(Make a note of any changes and dates they occurred).*

- If there any changes tell the customer you will make the amendments to their claim and they will receive a revised award notice shortly. Thank the customer for their time. End call.

- If there are no changes thank the customer for their time and end the call.

- At the end of every call (changes or no changes) explain to the customer that if they have any changes that will change their tax credits award e.g. childcare, hours, household makeup it is important that they let us know as soon as they happen and not to wait to be asked when awards are renewed each year.

Appendix I: Phase 2 Call Script

Transformation Programme

Health Check Service Improvement Module (SIM)

Phase 2 Call Script

When making a call to customers say "This is a courtesy call from Revenue and Customs, please may I speak to Mr/Mrs/Miss (first name and surname of customer)?"

- If the person can not speak English you should follow the Big Word process to handle the call in accordance with the rest of the guidance.

If the customer is not available tell the person who answers the phone 'Sorry to have disturbed you. Could you ask them to contact us on the following number 0121 535 6966

If you are speaking to the customer, is the customer happy to take the call?

- No, tell them

Can I just take a moment to explain what I am calling for? But before I do that can you please confirm your name, NINO and DOB?

Details correct?

- No, ask the customer to call back on the dedicated number when they have the information to hand.
 - Thank the customer for their time, end the call
 - Yes, tell the customer, "I am making a courtesy call regarding your tax credits. We sent you a letter recently do you remember receiving it? (*Make a note of their response so you can update the Data Capture sheet*) Our records show that we haven't heard from you for a while and we want to make sure that the details we hold for you are correct and up to date so that you are receiving the right amount of tax credits"
 - If the customer is still not happy to take the call ask if there is a more convenient time when you can call them back and arrange a time and date.
 - Thank the customer for their time, end the call.
- Yes, ask them

"Can you please confirm your name, NINO and DOB?"

Details correct?

- No, ask the customer to call back on the dedicated number when they have the information to hand.
- Thank the customer for their time, end the call.

- Yes, tell the customer, "I am making a courtesy call regarding your tax credits. Our records show that we haven't heard from you for a while and we want to make sure that the details we hold for you are correct and up to date so that you are receiving the right amount of tax credits"

- Ask "Do you remember receiving a letter from us approximately 2 weeks ago?" (*Make a note of the response to this question so it can be logged on the Data Capture sheet*)

- Ask "Have you had any changes in your circumstances since you renewed your claim last year (April to August) and when did they occur? (*At this stage do not prompt the customer, make a note of changes and dates occurred. If there are any changes amend the award details and thank the customer for the information.*)

- Ask "Is it OK for me to go through the rest of the information that we have for you so that we can make sure the details we hold are correct and up to date. This should only take a few minutes." (*Make a note of any changes and dates they occurred*)

- Or, if there are no voluntary changes "Is it OK for me to check the information we have for so that we can make sure the details we hold are correct and up to date?". (*Make a note of any changes and dates they occurred*).

- If there any changes tell the customer you will make the amendments to their claim and they will receive a revised award notice shortly. What should we say if there are PY changes? Thank the customer for their time. End call.

- If there are no changes thank the customer for their time and end the call.

- At the end of every call (changes or no changes) explain to the customer that if they have any changes that will change their tax credits award e.g. childcare, hours, household makeup it is important that they let us know as soon as they happen and not to wait to be asked when awards are renewed each year.

