



HM Revenue
& Customs

What happens if we've paid you too much tax credit?

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We have a range of services for people with disabilities, including guidance in Braille, audio and large print. Most of our products are also available in large print. Please contact us on any of our phone helplines if you need these services.

This leaflet explains why overpayments happen and how to pay them back. It also tells you when you don't have to pay them back and how to dispute an overpayment.

Introduction

An overpayment means we've paid you more money than you're entitled to.

You can **appeal** if you think the amount of tax credits you were awarded in the first place was wrong. You must normally do this within 30 days. For more information see 'When you can appeal' on page 8.

You should **dispute** our decision to recover an overpayment if you:

- agree the amount of tax credits you were awarded was correct, but
- don't agree that you should pay back the overpayment.

Please phone the Tax Credits Helpline (see page 12) if:

- you aren't sure whether we are right when we say you've been overpaid, or
- you don't know if you should **appeal** against a decision that has been made or **dispute** a decision to recover an overpayment.

How we work out the amount of your tax credits

Tax credits depend on your income and your family circumstances. When your income or family circumstances change then your entitlement or the amount we pay you may change.

We pay you tax credits for a tax year - from 6 April one year to 5 April the next. When we first work out what to pay you, we look at your family's circumstances now and your income for the last tax year. If you think your income for this tax year is going to be lower than in the previous year you can give us an estimate of what it will be. If we use this lower figure it is important you tell us if your income is going to be higher or you are likely to be overpaid.

After 5 April each year, we send you a renewal pack asking you to:

- check the information we hold about you
- tell us how much income you had in the previous tax year.

You should try to complete and return your renewal form as quickly as possible. We'll then work out the actual amount due to you for the year that has just ended and also the amount for the year that started on 6 April.

How an overpayment happens

An overpayment happens if:

- you don't give us the right information either when you claim or when you renew your claim at the end of the year
- you're late telling us about a change in your circumstances
- your income is £25,000 more than it was in the previous year
- you report an estimated current year income which turns out to be too low
- you give us wrong information when you tell us about a change in your circumstances or income
- we make a mistake when we record the information you give us
- we don't act on information you give us.

Changes in your circumstances or income

You should keep us up to date with any changes in your income and your family circumstances. The law says that you must tell us about certain changes **within one month** of them happening. Sometimes it might not be clear exactly when there has been a change so you must tell us **within one month** of the date when you realised a change has happened.

You should use the checklist that we sent with your award notice to check what changes you need to tell us about. If you're still not sure please phone our helpline (see page 12).

After you tell us about a change we'll work out the new amount of tax credit payments you're due and send you a new award notice.

If you separate from your partner or a new partner moves in

If you separate from your partner or a new partner moves in, you must let us know **within one month** of the change happening. Your claim legally ends and, if you are still able to claim tax credits, you need to set up a new one. If you do make a new claim, it may be backdated up to three months.

The longer you delay telling us about this type of change, the bigger any overpayment may be. If you have started a new claim we may consider reducing the amount that you have to pay back. We will work out how much you would have been paid in your new claim if you had told us about the change on time and take that amount off your overpayment.

Our responsibilities and yours

To help get your award right and avoid building up an overpayment it's important that we meet our responsibilities and you meet yours.

Our responsibilities are:

- **When you contact us for information we should** give you the correct advice based on the information you give us. We'll offer you support, for example, if you want us to explain your award notice to you, we'll talk you through it in detail.
- **When you make or renew your claim we should** accurately record and use the information you give us to work out your tax credits and pay you the correct amount.
- **When we send you an award notice we should** include information you've given us about your family and your income. If you tell us that there is a mistake or something missing on your award notice, we should put it right and send you a corrected award notice.
- **When you contact us to tell us about a change of circumstance we should** accurately record what you've told us and send you a new award notice **within 30 days**. The 30 days doesn't start until we get all of the information we need from you to make the change. It is therefore important that you give us all of the information when you tell us about a change.

Your responsibilities are:

- **When you make or renew your claim you should** give us accurate, complete and up to date information.
- **You should tell us about any changes of circumstance throughout the year** so we have accurate and up to date information. The law says you must tell us about certain changes **within one month** of them happening - you should use the checklist we sent with your award notice to check what the changes are. To reduce the chance of building up an overpayment, we recommend that you tell us about any changes in income as soon as possible.
- **Each time you get an award notice you should** use the checklist we sent with it. You should check all the items listed and tell us if anything is wrong, missing or incomplete. You must tell us about some changes **within one month** of them

happening - these are listed on the back of the checklist. The main details we expect you to check are:

- whether the award is for you as an individual or as part of a couple
- the hours you work
- whether you get Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Pension Credit
- that a disability element is shown if you, or anyone in the household, is entitled to it
- the number and age of any children in your household
- any childcare costs
- your total household income for the period shown on the award notice.

We'll send you a corrected award notice if you tell us anything is wrong, missing or incomplete. **If you don't get an award notice within 30 days of telling us about a change in circumstance please phone our helpline (see page 12) as soon as possible.**

- **You should check that the payments you get match** what we said they should be on your award notice. We expect you to tell us if you get any payments that don't match what is shown on your award notice.
- **If you spot a mistake on your award notice you should tell us within 30 days** of getting it. Please make a note of when you got your award notice and when you told us about the mistake. We may ask you for this information to show that you acted **within 30 days**.

If you had difficult personal circumstances that meant you couldn't check your award notice or bank payments, for example a member of your family has been seriously injured, phone our helpline (see page 12) as soon as possible.

If you don't understand any award notice please phone our helpline (see page 12).

If we fail to meet our responsibilities

If we fail to meet our responsibilities, but you meet **all** of yours, we won't ask you to pay back all of an overpayment caused by our failure.

However - you must tell us about any mistakes on your award

notice within 30 days of getting it. If you do, then you won't be responsible for an overpayment caused by our mistake. If you tell us about a mistake **more than 30 days** after getting your award notice we may ask you to pay back an overpayment until the time you contacted us.

Example 1

On 1 September you tell us about a change in your circumstances but we don't change your award until 16 October. We won't collect back any overpayment that arises **after** 30 September.

Example 2

On 12 August you tell us about a change in your income. We send you a new award notice which you get on 19 August, but we haven't correctly recorded the information you gave us. If you spot and tell us about the mistake by 18 September (30 days from 19 August) we won't collect any overpayment caused by our mistake.

Example 3

On 12 August you tell us about a change in your income. We send you a new award notice which you get on 19 August, but we haven't correctly recorded the information you gave us. If you spot this and don't tell us about the mistake until 27 September (38 days from 19 August) you may be responsible for the overpayment until the date you contacted us.

Whenever you tell us about a mistake we won't collect an overpayment that may build up if we fail to correct our mistake from this time.

If you fail to meet your responsibilities

If you fail to meet your responsibilities, but we meet **all** of ours, we'll normally ask you to pay back all of an overpayment. For example if you tell us about a mistake on your award notice **more than 30 days** after getting it, then you may have to pay back an overpayment which has built up until the time you contacted us.

If we both fail to meet our responsibilities

If we both fail to meet one or more of our responsibilities, we'll look at the circumstances of your case and may write off parts of an overpayment.

If it takes you some time to tell us we didn't meet our responsibilities

We ask you to tell us about any mistakes we've made **within 30 days** of you getting your award notice. If you don't tell us **within 30 days**, we'll ask you to pay back an overpayment up to the date you told us. **We won't ask you to pay back an overpayment, which is caused by our mistake, after the date you told us.**

Exceptional circumstances

However, we understand that exceptional circumstances may mean that it wasn't possible for you to meet your responsibilities on time. For example, you or a close family member may have been seriously ill so you couldn't report a change, check your award notice or tell us about our mistake **within 30 days** of getting your award notice. Please phone our helpline (see page 12), if you think this applies to you, or if you're not sure whether we've made a mistake.

If you don't understand why there is an overpayment, please phone our helpline (see page 12). We can give you an explanation over the phone or in writing. Our leaflet *WTC8 Why do overpayments happen?* gives more information about things that can cause overpayments. You can get a copy:

- online at www.hmrc.gov.uk/leaflets/wtc8.pdf
- from our helpline (see page 12).

Challenging the recovery of an overpayment

How to dispute an overpayment

If you don't agree that we should ask you to pay back an overpayment you can ask us to look at this again. We call this **disputing** an overpayment. To do this, we recommend you fill in form TC846 *Tax credits overpayments*. You can get a copy:

- online at www.hmrc.gov.uk/forms/tc846.pdf
- from our helpline (see page 12).

You may write to us instead, but you'll need to give us all your details, and tell us why you think you shouldn't have to pay back an overpayment.

If you dispute an overpayment, we'll check whether you met your responsibilities and we met ours.

How we decide whether you should pay back some or all of an overpayment

We'll check:

- that we accurately recorded and acted on any information you gave us **within 30 days** of you telling us about a change of circumstance
- that we accurately calculated and paid you your correct entitlement
- that the information we included on your award notice was accurate at the date of the notice
- what you told us if you contacted us, and whether the advice

we gave you based on that information was correct

- whether you contacted us to discuss any queries on your award notice, and whether we answered them correctly.

We'll also check:

- that you gave us accurate and up to date information when you claimed tax credits
- that you told us about any changes of circumstance at the right time
- that you checked your award notice **within 30 days** of getting it and if and when you told us about any mistakes
- that you checked that the payments you got matched the amounts on your award notice and if not, that you told us **within 30 days** of getting your award notice
- whether you told us of any exceptional circumstances that meant you couldn't tell us about a change of circumstance or about our mistake **within 30 days**.

Once we've checked whether we've met our responsibilities and you've met yours we'll decide whether an overpayment should be paid back.

We'll decide whether you must pay back all or only part of an overpayment. We'll give you our decision, along with our reasons, usually in writing.

We may not ask you to pay back an overpayment if you contacted us to tell us your difficult personal circumstances meant you couldn't check your award notice or bank payments. For example, a member of your family may have been seriously injured in a car crash. If this is the case please phone our helpline (see page 12) as soon as possible.

If you still think you shouldn't pay back an overpayment

If you're still unhappy that we've decided to continue collecting an overpayment and this is because you've got new information to give us, please write to us as soon as possible (see page 12). We'll stop collecting an overpayment while we review the new information.

We may also review your case if you feel we haven't considered information you've previously given us. However, we won't stop collecting an overpayment while we do this.

If you don't have any new information to give us, but you're still

unhappy with our decision, you may wish to contact a professional adviser or an organization like Citizens Advice to consider what options are open to you, including any through the courts.

If you're not happy with our service please see 'Putting things right' on page 12.

When you can appeal You can appeal against any penalty we've imposed in connection with your tax credits claim.

We'll always tell you if you have a right of appeal on the notice that sets out our decision.

For more information about making an appeal, please see our leaflet *WTC/AP What to do if you think our decision is wrong*. You can get a copy:

- online at www.hmrc.gov.uk/leaflets/wtc_ap.pdf
- from our helpline (see page 12).

Paying back an overpayment

We can collect back an overpayment from you in two ways. We can:

- reduce the payments you get from an ongoing award, or
- ask you to make direct payments to us.

In some exceptional cases we may ask you to do both.

From an ongoing award

If you're still getting tax credit payments as the same household for which an overpayment arose, we'll automatically reduce these payments to recover an overpayment from your ongoing award. How much we reduce your payments by will depend on how much you're getting. We reduce awards at different levels, please see the table on page 9.

Your tax credit award	The most we'll take back
If you're getting the maximum tax credits with no reduction due to income	10%
If you're only getting the family element of Child Tax Credit	100%
All other awards - for example, those entitled to Child Tax Credit above the family element, or Working Tax Credit below the maximum	25%

If you want help understanding which recovery rate applies to you, please phone our helpline (see page 12).

If you feel that you can't meet your essential living expenses because we've reduced your payments please see 'If you can't pay for your essential living expenses' on page 10.

By direct payment

If you're no longer entitled to tax credits, we'll ask you to make a direct payment to us. Or, if your tax credit award has ended (this might happen if there is a change in your household, for example, you were single and now you're in a couple) then we'll ask you to make a direct payment to us. We'll do this even if you're getting another award of tax credits for a new household you're part of.

From an ongoing award and by direct payment

This may happen if you've an overpayment from an old award which ended and you've an overpayment from a current award. For example, you and your partner separated and you then made another claim as a single person or in a new couple. We could ask you to pay back an overpayment from your current award as well as a direct payment from your previous award.

If this happens we may be able to stop some of your repayments temporarily. But we can only do this if the payments of your current award have been reduced by 10 per cent or 25 per cent. We call this 'dual recovery provision'.

If this applies to you, you can ask for the direct payment to be put on hold until you've paid back the overpayment from your ongoing tax credits payments. To find out how, phone our helpline (see page 12).

Asking for more time to pay back a direct payment

If we've asked you to pay back an overpayment directly from a previous award but you need more time to pay it back, please phone our Payment Helpline on **0845 302 1429** as soon as possible. We can arrange for you to pay it back in equal instalments over 12 months. If you need more than 12 months, please tell us when you phone.

Financial hardship

If you need to discuss financial hardship with us, but exceptional circumstances such as a family crisis, mean that you don't have time to give us the full details, please try and give us a quick call to explain this. We'll put the recovery on hold until you can discuss your situation in detail.

When you phone we may ask you about any family circumstances that may lead to extra living costs. For example if you're looking after someone who is chronically ill or disabled. In some exceptional circumstances, we may write off an overpayment altogether.

We can tell you more about the different direct payment options if you phone our Payment Helpline on **0845 302 1429**.

If you can't pay for your essential living expenses

If you can't pay for your essential living expenses such as your rent, gas or electricity and:

- you're paying back an overpayment directly
- we've reduced your ongoing payments so you can pay back an overpayment, or
- we've asked you to pay back an overpayment

please phone our Payment Helpline on **0845 302 1429**. We'll ask you about your circumstances in more detail.

Whether you are repaying your overpayment from a reduction in your tax credit payments or through a direct payment, we may offer you an option for extending the period over which you pay back the overpayment by reducing the amount being recovered each month or stopping recovery in exceptional circumstances. If we do reduce the amount of your repayments, it will take you longer to pay off an overpayment.

In some exceptional circumstances, we may write off an overpayment altogether.

If you and your partner separate

If you and your partner separate, your joint claim will end. We'll work out if you've been overpaid. If you have, we'll write to you both, usually at the end of the tax year to:

- tell you how much we've overpaid you by
- ask you to contact us to arrange to pay back the money.

You should first of all try to agree with your ex-partner how much each of you should pay. The options are that:

- each of you pays half
- each of you pays a different amount
- one of you pays all of it.

Once you have reached an agreement with your ex-partner, you should phone the Payment Helpline on **0845 302 1429** to agree how much of the overpayment you can repay. You will then get a letter telling you what you have to pay back.

You might not be able to talk it over with your ex-partner, either because you don't want to contact them or you don't know where they are. Even if you do speak to them you might not be able to agree on what each of you should pay back.

If this happens, you should still speak to the Payment Helpline as quickly as possible. You will then be asked to pay back half of the overpayment, with your partner being asked to pay back the rest. You will not be asked to pay back more than half of the overpayment.

You can make a new claim as a single person or with a new partner. To make a claim please phone our helpline (see page 12). However, we can't reduce your payments from your new claim to collect back an overpayment from an earlier claim. You must pay back a previous overpayment directly.

Contact us

When you contact us please tell us:

- your full name
- your National Insurance number
- a daytime telephone number.

By phone:

- Tax Credits Helpline **0845 300 3900**
- textphone **0845 300 3909**
- if you prefer to speak in Welsh **0845 302 1489**
- from abroad if you can't get through on the helpline, please phone **+44 2890 538 192**.

In person:

- visit any HMRC office or Enquiry Centre - you may need to make an appointment to see an adviser.

In writing:

- write to us at the
 - address shown on your award notice, or
 - Tax Credit Office
Preston
PR1 0SB.

Customer service

We aim to provide a high quality service with guidance that is simple, clear and accurate.

We'll:

- be professional and helpful
- act with integrity and fairness, and
- treat your affairs in strict confidence within the law.

We aim to handle your affairs promptly and accurately so that you get or pay only the right amount due.

**HM Revenue
& Customs'
commitment**

Putting things right

If you're not satisfied with our service, please let us know what is wrong. We'll work as quickly as possible to put things right and settle your complaint.

If you're still unhappy, ask for your complaint to be referred to the Complaints Manager.

Customers with particular needs

If you've exhausted HM Revenue & Customs complaints procedures and are still unhappy, you may wish to take your case to the Adjudicator or Parliamentary Ombudsman. For more information please see our factsheet *C/FS Complaints*. You can get a copy:

- online at www.hmrc.gov.uk/factsheets/complaints-factsheet.pdf
- from any Enquiry Centre.

We offer a range of facilities for customers with particular needs, including:

- wheelchair access to nearly all Enquiry Centres
- help with filling in forms
- for people with hearing difficulties
 - Text Relay
 - Induction loops.

We can also arrange additional support, such as:

- home visits, if you've limited mobility or caring responsibilities and cannot get to one of our Enquiry Centres
- services of an interpreter
- sign language interpretation
- leaflets in large print, Braille and audio.

For complete details please:

- go online at www.hmrc.gov.uk/enq or
- contact us. You'll find us in *The Phone Book* under HM Revenue & Customs.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

HMRC Customer Information Team
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