



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Stephen Timms MP
House of Commons
London
SW1A 0AA

14 January 2021

Dear Stephen,

Thank you for your letter of 16 December addressed to the Rt Hon Jesse Norman MP concerning pension scams and HMRC. I am responding as the minister responsible for this policy area. Your letter raises several questions and I would like to answer each of these in turn.

1. Project Bloom is a multi-agency task force set up to tackle pension fraud. HMRC was a partner when Project Bloom was established but is no longer listed as a member. Why is HMRC no longer a member of Project Bloom?

HMRC participates in the Project Bloom Comms Group and, alongside the Financial Conduct Authority and The Pensions Regulator, recently ran a webinar for employers and tax agents, explaining how to help savers avoid scams and referencing the Financial Conduct Authority's 'Scamsmart' Campaign and website.

Whilst not an active member of the Project Bloom Strategy Group due to HMRC's duty of taxpayer confidentiality, HMRC has always co-operated with the members of Project Bloom exchanging information via legal gateways.

2. Pension scam victims told us that the fact that a scheme had been registered with HMRC was a crucial factor in their decision to transfer into what turned out to be scam schemes. What action has HMRC taken to prevent this in future?

HMRC is responsible for registering pension schemes for tax relief and exemption. It has done much to combat pension scams facilitated through newly registered pension schemes. In 2013, new legislation was introduced to help detect, disrupt, and deter promoters of these schemes leading to an 88% reduction in applications to register new pension schemes – safeguarding taxpayers and their savings. In addition, a "fit and proper test" for scheme administrators was introduced in 2014 through which scheme administrators identified as not fulfilling the appropriate criteria are prevented from registering new schemes and de-registered from any of their existing schemes. Through this process, since 2014 HMRC has de-registered 770 schemes that had been, and

would have continued to be, used for liberation. HMRC has also dealt with over 20,000 requests from bona fide scheme administrators enquiring about the status of schemes to which their members wish to transfer.

3. Does HMRC have the option not to pursue a tax bill for unauthorised access to a pension, or to delay doing so, when a pension scam is suspected?

HMRC deals with tackling tax avoidance, evasion and other forms of non-compliance. HMRC's remit covers pension avoidance schemes that offer individuals the chance to extract their pension savings before pension age or to take a proportion of their savings outside of the tax rules. Depending on the actual facts of an individual pension scam, in which the member has lost their savings and received no money, there may be no tax breach for HMRC to act upon.

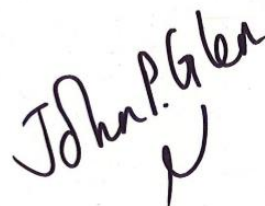
4. A Police Foundation report described HMRC's approach to pension scam victims as "unrelenting and uncompromising". Will HMRC review how it interacts with victims of pension scams?

HMRC's role is to apply the laws laid down by Parliament. However, in doing so it does all it can to help anyone who believes that they may have been misled about their pension investments. HMRC recognises that facing a large tax bill can be very stressful and is committed to making affordable payment arrangements and giving enhanced support to customers who need extra help. HMRC stands ready to support any taxpayer in financial difficulty. They may be eligible to receive support with their tax affairs through HMRC's Time To Pay service. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

5. Will HMRC work with other public bodies to signpost support for victims of pension scams?

As mentioned above, HMRC was recently involved in a webinar helping to tackle scams alongside the Pensions Regulator and Financial Conduct Authority, and HMRC continues to work with other public bodies to signpost support for victims of pension scams.

I hope you and your Committee find these replies helpful and I look forward to your report.

A handwritten signature in black ink that reads "John P. Glen" with a stylized flourish underneath.

JOHN GLEN



Work and Pensions Committee

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From the Chair

The Rt Hon Jesse Norman MP
Financial Secretary to the Treasury

16 December 2020

Dear Jesse,

The Work and Pension Select Committee's inquiry into pension scams has raised issues about the role of HMRC. In particular, we have heard powerful testimony from victims of pension scams who have then been pursued by HMRC for substantial tax debts.

I would be grateful if you would answer the questions below:

1. Project Bloom is a multi-agency task force set up to tackle pension fraud. HMRC was a partner when Project Bloom was established but is no longer listed as a member. Why is HMRC no longer a member of Project Bloom?
2. Pension scam victims told us that the fact that a scheme had been registered with HMRC was a crucial factor in their decision to transfer into what turned out to be scam schemes. What action has HMRC taken to prevent this in future?
3. Does HMRC have the option not to pursue a tax bill for unauthorised access to a pension, or to delay doing so, when a pension scam is suspected?
4. A Police Foundation report described HMRC's approach to pension scam victims as "unrelenting and uncompromising". Will HMRC review how it interacts with victims of pension scams?
5. Will HMRC work with other public bodies to signpost support for victims of pension scams?

I look forward to hearing from you.

Yours sincerely,

Rt Hon Stephen Timms MP
Chair