



Public Accounts Committee

**Sir Jim Harra KCB
Chief Executive and First Permanent Secretary
100 Parliament Street
London
SW1A 2BQ**

By email

22 January 2025

Third Report of Session 2024–25: HMRC Customer Service and Accounts

Dear Permanent Secretary,

I was disappointed to read your letter of 21 January responding to my Committee's report on HMRC's Customer Service and Accounts. As you are aware the appropriate way to respond to a report from the Public Accounts Committee is in detail through the Treasury Minute process. I urge you to take seriously my Committee's recommendations which include calls for HMRC to put customers' needs at the heart of its decision making and allocate sufficient resources to customer service.

The two reports produced by the National Audit Office and agreed by you as HMRC's Accounting Officer formed – along with written and oral evidence – the evidence base for our inquiry. Paragraph 3.6 of the NAO report on [customer service](#) agreed by you includes that "During 2023-24, HMRC stopped or restricted the calls it would handle on four of its helplines. Its reasons included encouraging customers to use digital ...". In response to questions from my Committee in November you explained the intention behind the quickly abandoned pilots closing the helplines altogether in 2023, saying "we ran two short pilots on what would happen if we did not have the helplines. In one of the pilots, we said, "We want all customers to go online and use our webchat, by preference." In the second, we said, "The helpline is reserved for certain priority customers. For others, we want you to go online." Those were testing whether we could shift the avoidable contact online and help customers to solve their—".

In the report agreed with the NAO the following findings strongly indicate a focus on degrading the phone service rather than on addressing its failings:

"HMRC has increasingly sought to restrict the supply of telephone services to manage its workload, with the aim to answer mainly complex queries and deflect more simple queries to digital channels."¹

"HMRC initially used deflection messages to advise customers of digital services, but it is now also ending some calls after playing a deflection message where it believes a customer can resolve their query online instead. Customer satisfaction for those who heard a deflection message has been low, and HMRC does not currently know how many of these customers succeeded in resolving their query online."²

¹ C&AG's Report, HMRC Customer service, Session 2023–24, HC 726, 15 May 2024, para 9

² Ibid, para 10



Public Accounts Committee

"During 2023-24, HMRC stopped or restricted the calls it would handle on four of its helplines. Its reasons included encouraging customers to use digital services instead and releasing staff to improve overall customer service, including tackling processing backlogs to reduce customers' need to check on progress"³

It is reasonable for the Committee to raise concerns and draw inferences from the evidence it receives. Our report therefore concluded that "we are concerned that it [HMRC] has sought to degrade its telephone service to drive taxpayers to digital channels". My Committee could also have pointed to the long-term decline in customer service performance without corrective action being taken. The attempted closure of phonelines was arguably a doubling down on service degradation on top of reduced call handling performance. Indeed, cutting off customers who have waited up to 70 minutes is completely unacceptable in any circumstance.

In relation to your claim that some improvements to performance negate any of the report's findings such as "that service levels continue to deteriorate", the report is clear that references are to performance up to 2023-24 and that it was worse than before. Paragraphs 8 and 1.5 of NAO report – which, again, was agreed by you – are clear on downward trends in performance over time. Your letter states that calls answered reached 69% for the period April to November 2024 – this is a small improvement on the 66%, and still considerably below the 85% standard. As you have selectively quoted figures from an 8 month period during 2024-25 it remains to be seen whether this is sustained for the whole year and so qualifies as a comparable year's performance. The likelihood of seeing significant overall performance improvements for 2024-25 seems especially low given that this potentially unrepresentative snapshot excludes the figures from the challenging period in the run up to the self-assessment deadline.

Your letter also refers to improvement in October and November 2024 with HMRC meeting the average 85% of calls answers. This development was just before my Committee's evidence session – very recent and only over a short period. Again, this is not sufficiently complete or persuasive data to undermine my Committee's view of longer-term deterioration of service from HMRC.

I look forward to receiving HMRC's full and considered response to the substance of the Committees recommendations within the next two months. I am copying this letter to the Treasury Officer of Accounts.

Yours Sincerely

Sir Geoffrey Clifton-Brown MP
Chair of the Committee of Public Accounts

³ Ibid, para 3.6