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## **MONEY BOX**

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**LEWIS:** Hello. In today's programme, customers who've not had their debts written off by Beneficial Claims tell us of the struggle to get their money back, as promised. After refusing to say sorry to 1.4 million people who would be getting an unexpected tax bill, Britain's top tax civil servant tells MPs:

**HARNETT:** I know how to apologise. I've had to do it before. I didn't do it then and I'm deeply sorry about that.

**LEWIS:** We also look at new revenue plans to take over paying our wages and salaries and complaints against the banks rise and most are upheld.

**LEWIS:** But we start with a story we covered earlier this year - an investigation by Money Box which raised serious concerns about a business called Beneficial Claims. It had assured customers it could write off their debts, or get them written off. Our investigation found the company was misleading customers, making exaggerated claims about its success rates, and wrongly telling them their credit rating wouldn't be affected. The story sparked an investigation by the Ministry of Justice, which imposed further conditions on the firm this week. Well Ruth Alexander first broke the story for Money Box. And, Ruth, in recent weeks many customers have been contacting Money Box with complaints about the company.

**ALEXANDER:** Yes months after court rulings that made it much harder to get a debt

declared unenforceable, the company's solicitors have been writing to the customers we've heard from to tell them their debts are enforceable, after all, and they're due a refund. But some people have been having trouble getting their money back.

**LEWIS:** Quite a turnaround then, given the company's earlier boasts about its successes?

**ALEXANDER:** Yes, in secretly recorded calls made after those court rulings, we heard sales staff saying the company had a "near 100% success rate", and these sorts of claims tempted thousands of people to part with a lot of money. Money Box has received numerous complaints from people like Ann in London who owed around £30,000 to creditors when she signed up with Beneficial Claims last September. She says the staff were confident from the very first call they could prove the banks would not be able to enforce the repayment of her debts.

**ANN:** Quite frankly, I was bombarded by telephone calls. There was one chap in particular who became my account manager, so to speak. He was very friendly, very helpful, very sympathetic. My initial fee was £901. And the chap was so encouraging. They professed to having 99.9% success rates, so obviously I went for it - naively.

**ALEXANDER:** Ann was told she had to pay a further £3,000 in the expectation that lawyers could find the debts were unenforceable by her creditors. If they couldn't, she was told the £3,000 would be refunded. In the meantime, she was told she no longer had to make payments to her card companies. But 11 months went by without any word from the solicitors Beneficial had instructed.

**ANN:** Well after I paid the £3,000, there was no correspondence. Whenever I telephoned, there was no-one who could speak to me. There was no-one to assist me. And whenever I did call up and I was nervous, they would almost become aggressive with me, and that's when I really got worried.

**ALEXANDER:** Finally last month, Ann, like many customers who have contacted Money Box, was told the law had changed and so her debts were enforceable after all.

She'd previously been told in an email Money Box has seen that a refund would be paid within 3 days.

**ANN:** I was so relieved because I thought now I will get my £3,000 back because it's been such a headache and such a ridiculous and stressful process. But then, of course, the worries come - that 3 weeks later I still haven't received my money back, I have had no official notification from them - so again I'm at the process where I'm calling them almost every day to ask them where my money is.

**ALEXANDER:** Since we interviewed Ann, Beneficial - now called We Fight Any Claim - told her she had to wait another 7 days while they passed her case to a solicitor's firm which would assess whether her debts could still actually be deemed unenforceable. After that deadline passed, she was told her case was being handed to another solicitor and that she'd get an update at the end of the month.

**ANN:** And what action has the Ministry of Justice taken against the firm?

**ALEXANDER:** Well it's been told, the firm's been told it must keep copies of recordings of customer calls and hand them over to the Ministry of Justice on request, which suggests there are concerns about how customers are being dealt with.

**LEWIS:** Thanks very much, Ruth. Well to answer those concerns, live now to Keith Chorlton who's a consultant to the company We Fight Any Claim, formerly Beneficial Claims. Keith Chorlton, in emails we've seen, you've promised customers refunds in 3 days. Why have so many who've contacted us had to wait so long?

**CHORLTON:** Well we don't promise ... Good morning, first of all Paul.

**LEWIS:** Good afternoon. I've actually got the email here, so I know you have.

**CHORLTON:** Well no, it talks about we will communicate with them within 72 hours. It doesn't refer to a refund. And I have invited you to send me that and you

haven't. You've had a week to give me supporting information in writing, so that I could deal with it. As of now, you've still not sent that to me, so it's unfair of you to ask me to comment on something you've not actually proven exists yet.

**LEWIS:** Right, so you're saying you don't promise to refund people in 3 days?

**CHORLTON:** Well no, we don't. Our standard refund policy is 30 days from the time that it's confirmed that they're entitled to a refund. And as I clearly pointed out to your client last night, I sent you evidence from our auditors that in the last 12 months we've refunded over 3.1 million people.

**LEWIS:** No, you've refunded £3.1 million, I think.

**CHORLTON:** Sorry, pounds.

**LEWIS:** Now that's a thousand customers like Ann. How many haven't been refunded?

**CHORLTON:** Well the average claim value or, sorry, the average fee amount is £1,000, so that would be more like 3,000 people have been refunded.

**LEWIS:** 3,000. How many customers did you have?

**CHORLTON:** How many customers? We've dealt with 100,000 cases in the last 12 months.

**LEWIS:** Right, so there's what 97,000 waiting for a refund?

**CHORLTON:** No, no, that's absolutely ridiculous and you know it is.

**LEWIS:** Well why is it because you haven't got anyone's money ...

**CHORLTON:** Are we going to have another day where ... Ask the question, then I'll answer it. Go on, ask your question.

**LEWIS:** What are you going to do about the other 97,000 who haven't had a refund?

**CHORLTON:** Well the other 80, 90% of them are satisfied with the service we've provided as per our terms and conditions. And you know you're building ...

**LEWIS:** *(over)* So you've actually got their debts written off?

**CHORLTON:** Listen, you're building a programme. You've produced a lady called Ann. There's no evidence of anybody else. You talk about numerous people contacted you, when the fact of the matter is you've actually contacted them.

**LEWIS:** Well that's not ...

**CHORLTON:** These people haven't contacted you. And you can't ...

**LEWIS:** *(over)* That's not true. That's not true, Keith - we've had claims. Let me just read you this: 'If Beneficial Claims are unsuccessful, will the monies I've paid be reimbursed immediately?' 'No', you replied. 'It can take up to 72 hours from when the agreement is found to be unenforceable to refund you the money'. That's the email I was referring to.

**CHORLTON:** Well if you're so confident about the content of the email, why has it not been sent to me? You've had now 3 weeks to produce the evidence. I could have looked at it and I could have commented for your viewers with fact. But you've not produced any evidence, like you've not produced any evidence in respect of these amounts of people you claim. We work on a very high satisfaction rate. We deal with over a hundred ... we have dealt with over 100,000 cases in the last 12 months. We are tightly regulated ...

**LEWIS:** *(over)* And how many of those have had their ...

**CHORLTON:** ... very, very tightly regulated by the MoJ. The MoJ do a superb job.

**LEWIS:** How many of those have had their debt written off, as you've promised?

**CHORLTON:** We have, as per our terms and conditions, 85% satisfaction rate.

**LEWIS:** How many of those people have had their debts declared unenforceable or written off?

**CHORLTON:** Thank you, thank you for using the correct terminology: declared unenforceable.

**LEWIS:** Well it's your salespeople who've said written off.

**CHORLTON:** No, I'm referring to our terms and conditions. 85% of the people that we have dealt with have had a satisfactory service delivered from us and the balance we have refunded. I've given you documentary evidence, financial evidence.

**LEWIS:** Well you've said that £3 million has been refunded. We've established that's about 3...

**CHORLTON:** 3.1 million.

**LEWIS:** That's about 3,100 people ...

**CHORLTON:** That's right.

**LEWIS:** ... and you've dealt with 100,000.

**CHORLTON:** No, 100,000 cases. You're getting confused, Paul, which I understand because it's not your subject. Sometimes a client will have two to three contracts, so the figure ...

**LEWIS:** *(over)* Let me move onto your new company, Mr Chorlton. You've got a new company called ...

**CHORLTON:** I don't have a new company. Please tell the truth. We're on air now. I don't have a new company. It's the same ...

**LEWIS:** *(over)* Let me talk ...

**CHORLTON:** Don't tell the people I have a new company. I don't! It's exactly ...

**LEWIS:** You have a company that's changed its name from Beneficial Claims to We Fight Any Claim.

**CHORLTON:** You started this interview with the word 'investigation'. The last thing you've done is carried out an investigation.

**LEWIS:** Let me ask you ...

**CHORLTON:** *(over)* Let me finish. Let me communicate with your listeners. Let them hear the truth. You have not investigated my company. You've not left London. I've invited you on three occasions to come down and meet with me at my premises and my colleagues and directors and to see the setup, and you've refused to do that.

**LEWIS:** Mr Chorlton, let me ask you finally. You've refunded ...

**CHORLTON:** *(over)* Don't use the word 'investigation' because I don't think you know what it means.

**LEWIS:** You've refunded about 3,100 people.

**CHORLTON:** Absolutely.

**LEWIS:** When are the rest going to get their money back, as you promised?

**CHORLTON:** Well, as I said, we have a rigid refund policy that if we fail to deliver the product to the client, we will refund them. That's in our terms and conditions and we stand by it.

**LEWIS:** But you do now agree that you can't get debts written off or debts declared unenforceable ...

**CHORLTON:** No, no, Paul.

**LEWIS:** ... because your new company isn't doing that, is it? It's simply fighting Payment Protection Insurance claims.

**CHORLTON:** No, again you should have come down and carried out a full investigation. We're still in the UCA market.

**LEWIS:** UCA being what?

**CHORLTON:** Unenforceable Credit Agreements.

**LEWIS:** Right.

**CHORLTON:** That's what you're talking about.

**LEWIS:** The We Fight Any Claim website doesn't refer to that. It only looks at Payment Protection Insurance, which anybody can get refunded by writing to the ombudsman.

**CHALTON:** Well I'm glad you brought that up. One in ten people who try to actually do the claim themselves succeed. Nine out of ten that use a claims company succeed. So let the consumer be the ...

**LEWIS:** (*over*) Well that's not what the ombudsman says. The ombudsman says that there's no difference. The success rate of people who apply by themselves is exactly the same.

**CHORLTON:** 2.75 million people in this country are owed in excess of 5 billion. Send that message to your listeners. That's what they want to hear about.

**LEWIS:** We often do and our view is they can get it by themselves from the ombudsman.

**CHORLTON:** Well I'd contest that.

**LEWIS:** Thank you for talking to me, Mr Chorlton.

**CHORLTON:** Thank you very much indeed.

**LEWIS:** Thank you.

Now the government has said it will not charge interest on unexpected tax bills for more than £2,000 which arrive on tens of thousands of doormats before Christmas. This small concession was its response to the furore that greeted the statement on last week's Money Box by the chief civil servant in charge of tax, Dave Hartnett. He said he saw no need to apologise for taking the wrong amount of tax from nearly 6 million people. Later that day, he was forced to issue a statement saying he was in fact deeply sorry for people who got an unexpected tax demand. And then on Wednesday, he was summoned before parliament's treasury select committee and there he did apologise in person.

**HARTNETT:** My insensitivity in not recognising in the radio interview that people should have had an apology right at the outset from me. And I know how to apologise. I've had to do it before. I didn't do it then and I'm deeply sorry about that.

**LEWIS:** Dave Hartnett apologising at least for his insensitivity. But what about the 1.4 million people who will get these unexpected tax bills dating back two tax years? It was left to the Revenue's Chief Executive, Dame Lesley Strathie, to announce a concession to the minority of them who discover they owe £2,000 or more.

**STRATHIE:** The notification will ask you about payment. It will tell you to get in touch. People will pay that money without interest. If people don't get in touch with us and ignore the debt, then normally interest would kick in at a specific point. What we are urging through this is that people will get in touch with us, and if they need time to pay they won't be charged interest.

**MALE:** You're making a further concession here, aren't you?

**STRATHIE:** Ministers have asked us to put that process in place.

**LEWIS:** Dame Lesley Strathie talking to the treasury select committee this week. Well live now to John Whiting who's Tax Policy Director at the Chartered Institute of Taxation. John, is this much of a concession?

**WHITING:** It's a pretty small one, isn't it Paul? I mean we mustn't grumble, anything is welcome, but for those people with bills of over £2,000 - and let's be clear we're not talking about very wealthy people in many cases because these are ordinary taxpayers, errors on coding notices - you know they need time to pay, they need time to sort it out.

**LEWIS:** Yes. Of course Dave Hartnett told us last week, he thought these were the wealthier people.

**WHITING:** Well I'm sorry, of course most of the very wealthy people who will be on self-assessment won't be here. To get a £2,000 plus bill, it is a significant amount of money of course. It could easily arise just from one of the classic errors of being given a double personal allowance. You've got two jobs, two pensions, there's an error on your coding notice, two personal allowances. You very quickly get over a £2,000 bill, which is what many people have found.

**LEWIS:** And just to be clear, people who get a bill for £2,000 or more have to apply for this concession ...

**WHITING:** Yes.

**LEWIS:** ... as soon as they can because otherwise they might be put in self-assessment and that would be more difficult?

**WHITING:** Well this of course echoes the whole process that we said before, Paul; that these are notices from the Revenue - you must take action, you must have a look at it. It isn't necessarily the exact figure, so you've got a chance to dispute and everything else.

**LEWIS:** Well stay with us, John, because I want to move on now to another tax story: plans by the Revenue to take extra powers to "streamline", as they put it, the collection of income tax. Instead of employers deducting the tax and national insurance and passing it on, the government is consulting on plans to make employers pay over all our tax - all our pay, I should say - direct to the taxman who'll then pass it back to us, or at least the net amount we're owed after the tax has been deducted. Well with me is Matthew Sinclair who's Director of the Taxpayers' Alliance. Is this a good idea, Matthew?

**SINCLAIR:** I think it's a very bad idea. I think the last thing that we need is a much greater centralisation of how payroll's carried out and huge new IT projects trying to wrestle this problem down. I think what should have been done is try to simplify taxes and avoid these kinds of errors that way, but I think a much greater role for HMRC

now when we've had so many huge mistakes in the last couple of years is very hard to defend.

**LEWIS:** But what the Revenue says to me is yes people have had the wrong tax, but it's wrong to call those mistakes. If mistakes have been made, they've often been made by employers doing the wrong thing; and if we were in control of it all, that wouldn't happen.

**SINCLAIR:** Well I think obviously as employers are doing a lot of the work now, that means that employers are aware a lot of the mistakes happen; but that doesn't mean that if the work's shifted to HMRC those mistakes won't be made there. And I think the danger is that if they're made at such a remote level in this HMRC central calculator, I think that the risk is that those mistakes don't get discovered until they're much larger, until they're much harder to reverse. So I think that's the real danger of these proposals.

**LEWIS:** John Whiting, what's your reaction to this as an accountant?

**WHITING:** I think this has some promise because let's put this in context. PAYE is an old system designed for long-term stable employment. It works very well for that. For people chopping and changing jobs, having two or more jobs, pensions, it creaks, and that's at the hub of what has gone wrong over this year. The ideas in this document for at least feeding real time who you're paying and when, that has a lot of promise to get rid of some of the errors. It does of course raise the sort of issues that Matthew's pointing to and those sorts of concerns. So it's got promise, it's got concerns. It's worth looking at.

**LEWIS:** Yes worth looking at, but it does assume that a computer will get 40 odd million tax calculations right every month.

**WHITING:** Well ...

**LEWIS:** Now we know that's not going to happen. And if it doesn't, how on earth do you put it right?

**WHITING:** That of course is the nub of it. We need to have absolute assurance because this is potentially doing everybody or almost everybody's tax. But if it takes a lot of the burden away from employers, many employers would welcome that. And I think it's for those sort of reasons I think this is worth looking at, but it needs a lot of reassurance it's really going to work.

**LEWIS:** And Matthew Sinclair, it would save employers money. It would also, HMRC says, save it money, and it would get things more accurate. Those are the three claims made for it.

**SINCLAIR:** I think that a lot of those claims are very hard to sustain. I think there's a massive optimism by us about these kinds of big projects, and particularly about these kinds of big centralising projects. It's very similar to the NHS IT scheme where, yes, you can point to lots of irrationalities and how all these different computer systems link up and problems there; but those attempts to pull it all together into one centralised system too often end in disaster. And I think that beyond that, I think that it's right that people should have an engagement with their employers. They should have a payslip; they should be engaged with the tax process. And equally their money should come from their employer. Frankly if that money doesn't show up, being able to have a go at your employer when it's not there for your mortgage is much better than having to go and talk to the HMRC every time.

**LEWIS:** Yes you mention payslips and that was an aspect that surprised me when I read it. The idea would be (because all this data wouldn't be with the employer) that the employer might tell you well this is your gross pay and maybe this is what we took off your pension; but the actual tax deduction, national insurance, that would all be centralised. How would you get hold of that?

**SINCLAIR:** Well I think the idea would be there'd be some kind of system so you could if you wanted log on and find out what you know. The weaknesses of that are

obviously that some people wouldn't be able perhaps to get into that - they'd get a slip as it is. And equally some people wouldn't be inclined to, and I think it's important that people see the amount they're paying in tax democratically.

**LEWIS:** And John Whiting in five seconds, will it happen?

**WHITING:** If it does, it'll be a long-term project, Paul. But I go back to what I said. I think it's got promise, it's worth looking at, but it raises a lot of concerns.

**LEWIS:** John Whiting and Matthew Sinclair, thanks very much.

Now a record number of customers took complaints to the financial ombudsman in the first 6 months of this year - more than 84,000 of them altogether - and more than half of these complaints were by customers of the big five high street banking groups. Altogether 47,000 customers of those banks felt they had no choice but to go to the ombudsman for a decision. In the last financial year a majority of cases against banks were resolved in the customer's favour. So what does Adam Phillips, Chairman of the Financial Services Consumer Panel, think these new figures tell us.

**PHILLIPS:** I am very pleased that the ombudsman is publishing these figures because I think for the first time we're beginning to get a picture about just how bad the services from some of the banks. People simply weren't aware that some banks were doing it better than others, and it gives people the opportunity to begin to think about whether they'd like to stay with a particular bank.

**LEWIS:** And what lesson do you think the banks should learn from this then? You say that they're not offering the service they should to their customers. What would you like the banks to do now?

**PHILLIPS:** What I would like to see happening is I would like to see the level of complaints being resolved by the banks going up, the number of complaints going through to the ombudsman going down, and the proportion of complaints being

sustained by the ombudsman coming down quite sharply. You're seeing some banks who are having something like 70% or 80% of all complaints that people make accepted by the ombudsman as reasonable complaints, and one can't see why the company couldn't resolve those complaints rather than forcing the customers to go through a very time consuming process because it takes typically about 3 months to get a result which the company could have given them in the first 8 weeks. I don't think that the banks can go on with the level of complaints as they currently are without the social pressure to take action building up to a level where they're forced to do something. I mean we've heard some quite strong statements from Vince Cable, among others, and also from Mark Hoban at the treasury, and I think that if the banks don't improve their service, the new regulatory Consumer Protection and Markets Agency which is coming in will take very stiff regulatory action.

**LEWIS:** Why do you think it is that the banks are not resolving complaints? Because on the face of it, if most of them are being upheld by the ombudsman, shouldn't they be resolving them first?

**PHILLIPS:** The impression one has is that if you tell somebody that they don't have a reasonable complaint, then quite a few of them will not be bothered to pursue it through to the ombudsman. So what we're probably seeing going to the ombudsman where you're getting large numbers of complaints being sustained by the ombudsman is the sort of tip of the iceberg and there's a lot of stuff going on beneath where people just can't be bothered to go through, and that is something which we are expecting that the FSA will have to follow up. They said in April that they were going to do more work on complaints handling and we think this is a really important area that they should be looking at.

**LEWIS:** Adam Phillips. Well I put some of those points to Eric Leenders. He's Executive Director at the banks' trade body, the British Bankers' Association. He told me the latest statistics from the ombudsman needed to be put in context.

**LEENDERS:** There is a direct correlation between the amount of business you do out there in the banking marketplace and the number of complaints that get referred to the

Financial Ombudsman Service. If you break that down to the number of complaints per product or service, then that levels out at around about 7 complaints per 100,000 products or services. And that I think helps to put a bit of perspective on the overall numbers, which on their face absolutely look quite high.

**LEWIS:** That puts a bit of perspective on the numbers, but what about the proportion the ombudsman upheld? In his last annual review, he says just over half the complaints about banks that he looked at were upheld; in other words the customer was right, the bank was wrong. Shouldn't your members be doing more to resolve complaints before they get to the ombudsman?

**LEENDERS:** Well I think that the banks would say they do an awful lot to resolve complaints before they get to the ombudsman, and actually there's a large volume of issues that are dealt with without ever the need to refer to the ombudsman. And I think it's important to bear that in mind.

**LEWIS:** And what about the point that Adam Phillips has made to us that people should vote with their accounts. If they see for example that 61% of complaints against Barclay are upheld but only 19% against Santander are upheld. They should move from Barclays to Santander.

**LEENDERS:** We always advocate that customers should shop around. I would staunchly advocate equally that customers should shop around on the benefits that a particular account or service might bring. I suppose a component could be complaints handling but let's not forget of course complaints that by the time they get to the ombudsman are probably really quite unique and particular to individual circumstances. That might be something to bear in mind if you're looking at again a like for like comparison against the complaints statistics.

**LEWIS:** Eric Leenders of the British Bankers' Association.

Now you've been responding in huge numbers to the story about the Revenue - taking our pay and then passing it on after helping itself to the tax. Almost all are against the

idea and adjectives coming through like 'foolish', 'ridiculous', 'dreadful'. Some people say it's 'like Big Brother gone mad' and others are saying things like 'are they joking?' Michael from Norwich says, 'It really seems the lunatics have taken over the asylum'. Jonathan from Berkshire describes it as 'dangerous and unwelcome'. But some are in favour. Richard from Llandudno says, 'I think it's an excellent idea. I'm an employer. It will simplify things for us and cut out the hassle of sending tax to the Revenue'. Phil from Stockport says, 'God forbid the faceless bureaucrats take hold of your hard earned cash'. Bruce in Edinburgh though thinks it is a good idea. Well you can let us know on our website: [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox). Tell us what you think about the taxman taking over our pay. You can sign up for my weekly newsletter, listen again, subscribe; and, as I said, have your say. I'm back on Wednesday with Money Box Live this week on taking control of the finances of elderly relatives. Back with Money Box next weekend. Today the reporter was Ruth Alexander, editor Richard Vadon, producer Lesley McAlpine. I'm Paul Lewis.