MoneySavingExpert

Representation from MoneySavingExpert to Autumn Budget 2024

10 September 2024

Summary

In July, MoneySavingExpert founder Martin Lewis wrote a letter to Rachel Reeves MP to highlight areas of financial injustice that, if addressed, could vastly improve people's situations without huge expenditure. In response to this consultation, we are submitting Martin's letter to the Chancellor along with an additional annex of supportive evidence for consideration. In January, Martin wrote a similar letter to the former Chancellor, Jeremy Hunt MP, also asking him to address some of these issues.

There are four key asks raised in the letter:

- Change the assessment method for Child Benefit to be based on household income, so it is fairer for single-income families.
- End the Carer's Allowance cliff-edge and fix the issue of back-payments.
- Cancel the Lifetime ISA withdrawal penalty for first-time buyers who are priced out and need to purchase over the threshold.
- Rename Tax-Free Childcare to help improve take-up.

There are also some other areas outlined in the letter which would support consumers. These are: the need to uprate English student living loans; necessary improvements to financial education in schools; urgent help for mortgage prisoners; ending the delay to regulation of buy now, pay later, and addressing excessive debt letters which cause distress and harm.

Since this letter, the Chancellor has announced that the Winter Fuel Payment is to be restricted to those on benefits, including Pension Credit. Martin Lewis has urged the Government to include a wider group for the payments. The Government must also ensure that the 880,000 eligible pensioners who miss out on Pension Credit start claiming.

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Annex 1- Letter from Martin Lewis to Rachel Reeves MP

From: Martin Lewis
Founder and Chair, MoneySavingExpert and
the Money and Mental Health Policy Institute

To: The Rt Hon Rachel Reeves MP, Chancellor of the Exchequer
His Majesty's Treasury
1 Horse Guards Road
Westminster
London
SW1A 2HQ

Wednesday 24 July 2024

Dear Chancellor,

Congratulations on your appointment – I hope it'll be a fruitful and successful one for you and the country. I look forward, I hope, to meeting with you and your team again at some point to discuss issues that can improve things for UK consumers.

Of course, I'm very aware you have been clear that the public finances are challenging, and sanctioning increased spending is difficult. So I wanted to draw your attention to a few – what I believe are sensible – non-partisan issues of financial injustice, most of which I was discussing with the previous administration (as well as your then-shadow team), and which could improve people's situations without huge expenditure.

The issues include the High Income Child Benefit Charge, the Carer's Allowance cliff-edge, renaming Tax-Free Childcare, fixing the broken Lifetime ISA system and more.

1. The High Income Child Benefit Charge unfairly penalises single-income families.

I wrote to and met with your predecessor to review the individual income assessment for Child Benefit, which means single-parent, single-earner and dominant-income families lose Child Benefit, even though their dual-income neighbour could earn nearly double and still get it. In the last Budget, he announced he would increase the threshold while a review to shift to a household income assessment was underway. I'd like to urge you to continue with this work.

The best way of highlighting the injustice came from Alan, who wrote to me prior to the threshold increase: *"My son's partner tragically died 34 days after giving birth to twins. My son has taken a new job that now pays him £60,000 and is struggling with the cost of living and mortgage repayments after the loss of a second income. HMRC has asked him to repay the Child Benefit. This seems grossly unfair that a couple can bring in nearly £100,000 but a single breadwinner loses out once they earn more than half of this. Are there any plans to change this?"*

While the threshold has increased, that was mooted as an interim rise while a structure was found to move to household income. We don't yet know if that research into shifting the assessment basis will continue (it will likely need to be done outside the tax system) – I hope it will. This is an issue I received an unprecedented volume of correspondence from the public about, it impacts huge numbers of people, and many care deeply about it.

2. The unfair Carer's Allowance cliff-edge that too many fall off.

Unpaid carers are unsung national heroes who save the economy and the NHS billions and provide a national wellbeing boost. Carer's Allowance is a not particularly generous benefit that those on very low incomes, who care for people in need for over 35 hours a week, can get. Yet its structure is broken, old fashioned, unjust and in need of urgent change.

Earn £151 a week or less, and those eligible can claim the £81.90 per week allowance. Yet, earn a penny more – £151.01 – and they get nothing. This is perverse – most benefits, including Universal Credit, have a taper, so if you go over the threshold, the payment received is gradually reduced. Carer's Allowance only has a cliff-edge, leaving many to plummet off.

Worse, the system seemingly sets people up to slip over the threshold unwittingly. Many on Carer's Allowance need to restrict any working hours to avoid hitting it (a strange disincentive to work), yet if their wage increases slightly, eg, when the annual minimum wage increases, they can fractionally bust the threshold.

If that happens, the terrible disconnectedness and poor benefits systems mean they're often still paid the allowance for months, or even years. Then, even though they may have only earned a pound or two more, they're later asked for unaffordable £100s or £1,000s back.

I'd ask you to look at ending the cliff-edge going forward, and retrospectively for those carers who are facing requests for crippling back-payments – adding to the burden many are already faced with. The system is fundamentally unjust, and hits many of society's most venerable and vulnerable.

3. Cancel the Lifetime ISA (LISA) withdrawal penalty for all first-time buyers.

I'm delighted to see you are focused on helping the housing crisis, and many in generation rent who are unable to buy. While new measures are welcome, I would also ask you to look at a legacy problem that has a simple low-cost fix.

The 25% bonus the state adds to young first-time buyers' savings has helped many build up a deposit. Yet LISAs haven't kept up with the times, and many, especially in south-east England, are now finding themselves fined when they use their own savings towards their first property.

- The £450,000 house price limit has been frozen since LISAs launched in 2017.
- Average house prices in England have risen over 27% in that time.
- In 26 of 32 London boroughs, first-time buyers' properties now average £450,000+.
- To withdraw for any purpose other than buying a qualifying home (or from aged 60), you pay a 25% penalty (which includes roughly 6.25% of the saver's OWN funds).

This means many who have saved in a LISA to build a deposit, as the state encouraged them to do, now face paying the Government a fine simply to access their money to buy a first-time property – as they're now priced out and it's above the threshold.

On £20,000 saved, the 25% bonus added is £5,000, but the withdrawal penalty is £6,250, so they end up with **£1,250 LESS** than what they put in. This penalty was imposed to stop LISAs being used for unintended reasons – people are now being fined for using those LISAs on exactly what they were intended for.

The simple solution is to change the rules so that first-time buyers who are buying a property over £450,000 can withdraw money from their LISA to use as a deposit without getting the bonus but without being fined either, (technically this is done by reducing the withdrawal penalty from 25% to 20%,) so they'd get back what they put in plus any interest. Of course, index-linking the £450,000 house price limit would help too.

4. **A simple change – rename the Tax-Free Childcare scheme to help the 800,000 families missing out.**

This scheme was named to make a political point. Yet its name is meaningless and confusing. It's nothing to do with tax, and it's not tax-free, rather it's a welcome 25% top-up to what working parents put away for childcare costs. The misnaming of the system has caused damage – meaning fewer people understand it and therefore fewer claim it. With only 800,000 of the 1.3 million estimated to be eligible claiming, a change is needed.

Our new MoneySavingExpert research shows that a simple name change to 'Help to Pay for Childcare' made people who could be helped to claim four times more likely to understand the scheme. And further work, from feedback, and looking at past HMRC research means we think the name 'The Working Parents' Childcare Top-up' would be even better.

This would be a simple way to hopefully improve take-up of this important help for parents to cover childcare costs, while keeping them in secure employment.

It's also worth noting, as with Child Benefit, the current threshold based on the 'highest-earning parent' rule was due to be reviewed and we hope that will continue.

Student living loans, financial education, mortgage prisoners, buy now, pay later...

Not wanting to push my luck too far – there are a number of other issues I would love to discuss with you or your department, at some point, but I'll keep them brief...

- **English student living loans**. These have been substantially cut in real terms and are often not enough for some to live on. Social mobility depends on the principle that UK students do not need to pay for university at the point of entry, only afterwards (in proportion to what they earn). Real terms maintenance loan cuts are especially detrimental to those from low-income/non-traditional university backgrounds who rely on the full loan as there are no parental funds to support them.

- **Financial education.** I was one of the leaders of the campaign to get financial education on the curriculum, yet it was a pyrrhic victory, as there is almost no state resource or meaningful support in place to deliver it – so much so, I was forced to personally fund a financial education textbook for all schools. I was pleased to see the Government will be assessing the curriculum and possibly making it compulsory for all schools. It would be great for the Treasury to champion the importance of practical financial education in primary and senior schools during that.

- **Mortgage prisoners.** I know you're aware of the plight facing mortgage prisoners – the 200,000 trapped in high-interest mortgages, after the state sold their loans on to uncompetitive, sometimes unregulated lenders. The prior administration promised, but didn't deliver, a response to the reports I commissioned from the LSE, which included costed solutions. Please can your team pick up this work? Many in your party have championed it. The financial, mental and physical toll on those trapped has led to repossessions, hardship and, terribly, suicide.

- **Stop lenders bombarding people with letters, calls, texts and emails about missed payments.** 50% of people who are behind on bills have felt suicidal due to rising costs, but unlike in other countries such as the USA, there are no firm legal rules here limiting how often creditors can contact people about missed payments. Research by my charity the Money and Mental Health Policy Institute shows the repeated, consistent contact, often by multiple lenders, leaves people feeling dangerously harassed and distressed – and is unlikely to result in better debt repayment – signposting to help would be more productive. A proper limit and rules would align neatly with your focus on boosting consumer protections in financial services.

- **Buy now, pay later.** I was pleased to see that your Government plans to regulate buy now, pay later products – I would ask you to bring that in as soon as possible, as it's well overdue. Crucially, we need to ensure that consumers can complain to the Financial Ombudsman if things go wrong.

I would welcome the opportunity to provide a fuller briefing on any of these issues if it would be helpful.

Kind regards,

Martin Lewis

Founder and Chair, MoneySavingExpert.com

Founder and Chair, the Money and Mental Health Policy Institute

Annex 2 – Supporting evidence from MoneySavingExpert

The impact of the High Income Child Benefit Charge on single-income households

Child Benefit is a monthly payment for anyone with parental responsibilities for children under the age of 16 (or up to 20 in full-time education). MoneySavingExpert has a guide on how it works and how to claim this important benefit.

Earlier this year, we highlighted the unfairness in the way Child Benefit gains started being withdrawn – which depended solely on one parent/guardian's income hitting £50,000 (and is wiped at £60,000) – and the disproportionate impact on single-income households.

Our campaigning led to changes to Child Benefit in the 2024 Spring Budget. We proposed raising the threshold as a stop-gap measure while wider reforms to the income assessment are considered. From April this year the threshold for the High Income Child Benefit Charge, which had been frozen since 2013, rose from £50,000 to £60,000, for the highest individual income in a household. Parents now lose the benefit completely when the single highest income hits £80,000. A consultation on moving the assessment method away from highest individual income to household income was also promised in the 2024 Spring Budget, with plans to bring the change into effect in 2026.

Whilst the temporary change in threshold is welcome, the individual assessment method means that some single-income families are still unfairly penalised compared to dual-income homes. Among the most vulnerable, these include:

[NB: Evidence was collected before the thresholds changed so reference previous thresholds.]

Single-parent households (including those widowed/bereaved)

- *"Widower with 2 daughters. Base wage is £41k but OT [overtime] takes it over £50k so not only do I have to pay back, I have to work OT for the privilege. Also, couples I know have a much higher household income and get to keep the lot! Why should I be penalised for being a single parent?"*
- *"As a single parent already paying more in bills and rent than if sharing as a couple so feels like we get doubly penalised! Should be total income…"*

Households where one parent can't work due to their own disability, illness or physical/mental health challenges

- *"I earnt over £60k this year and my wife isn't able to work due to ill health, I have just filled in my self-assessment form and got told I need to pay back all our child benefit, which is over £3k. I have no savings and don't know how I will pay it back."*

Households where one parent has limited work capability due to caring for a child with a disability, illness or physical/mental health challenges

- *"My husband earns over the limit, but I had given up my career to be a carer for our profoundly disabled child. Classic unfair policy, should be household based."*

The High Income Child Benefit Charge presents significant **financial** challenges for single-income families, particularly for those whose struggles are compounded by the rising cost of living.

- *"I am struggling to raise 2 kids on one income."*
- *"With the cost-of-living skyrocketing, my mortgage interest going up I don't class myself as a high earner but from next year I will start to lose my child benefit."*

Worryingly some of the most serious financial impacts we have seen have happened to those who are already vulnerable.

- *"I lost my husband in 2019, children 5&8, I lost his wage, got an army pension. I lost child benefit as the pension pushed me over the limit. Had to apply for promotion to try to make up but do have to downsize house now due to rising costs, wrote to MP, got nowhere."*

In addition to this, many others, including vulnerable households, have had to find money (often unsuccessfully) to pay back thousands.

- *"I've been employed my whole life and have no knowledge of tax returns etc. but just had to do a SA and now owe £1,026 due in 2 weeks and have about £200 so far."*
- *"I had a letter in 2018 which arrived out of the blue demanding £4k HIBTC [sic] repaid within a matter of weeks. Since then I've had to repay ~£2k a year. That's around £14k I've had to pay when 2 people earning the same amount would have had to pay £0."*

The High Income Child Benefit Charge also has an enduring **emotional** impact on families.

- On receiving reduced Child Benefit: *"As a single parent I am generally anxious, I watch every penny. I also have PTSD. I have never felt as much pressure with money ever in my life as what I feel right now."*
- On having to pay back Child Benefit: *"I have lost a lot of sleep over how much this is going to cost me."*
- On career progression: *"I'm on the brink of the bracket and having to turn down overtime because I'll get taxed 40% and lose my child benefit. I'm literally a salary hostage where there's no point in progressing my career."*

People also shared the difficulty they face when having to fill out a self-assessment form if they hit the threshold to start paying back their Child Benefit. The Treasury should consider if there is a fairer way to manage the system.

- *"The idea of self-assessment frightens me, I am not a business person and I am not used to "tax speak". The tax office knows my earnings and how much money I have had in Child Benefit so why can't they prepare the bill and offer a payment plan in advance for me?"*

The impact of the Carer's Allowance cliff-edge

Carer's Allowance has a 'cliff-edge', meaning that if those claiming it earn a single penny over the £151.10 a week earnings limit, they lose the entire benefit. This differs from most benefits, such as Universal Credit, where the amount you get decreases as your earnings increase.

The previous Government maintained that the £81.90 a week (£76.75 during the last financial year in 2023/24) provided through Carer's Allowance is not intended to be a replacement for a wage – something it made clear in response to several e-petitions on the subject.[1] Yet carers do an incredibly important job and save the NHS billions of pounds. Despite this, 44% of working adults who provide care for more than 35 hours a week are in poverty, according to the charity Carers UK.

Because of a disconnect in the system, some carers are still paid the allowance for months or years after they lose entitlement to it. This results in them being asked to repay £100s or £1,000s later down the line. These demands to repay only add to carers' stress and financial hardship, and the cliff-edge creates a huge disincentive to work.

Ahead of the 2024 General Election, MSE asked the party leaders what they will do to help unpaid carers. The now-Prime Minister committed to reviewing the issue:

Sir Keir Starmer: "*This is something we would look into right away in government when we can examine all of the relevant information and data. I can see no reason why carers cannot be immediately alerted if they go over the earnings threshold, and I am committed to putting the right safeguards in place to fix this for the long-term so more families do not suffer through no fault of their own. We will also ensure that any repayments are managed in a fair way for carers.*"

Case study – Nicola
We've spoken to Nicola and seen proof that she's being chased for overpayments:

> Nicola is a mother of two who is a carer for her eldest son, sixteen-year-old Charlie, who is profoundly deaf and has cerebral palsy and short bowel syndrome. For the first decade of Charlie's life, Nicola wasn't entitled to Carer's Allowance as her earnings were too high. However, she became eligible after eventually reducing her work. She started claiming Carer's Allowance in 2018.
>
> "In December 2023, I received a minor pay increase because of a resolution to prevent strike action, which I didn't think would affect my entitlement," Nicola told us.
>
> However, this took Nicola over the earnings limit by £13.83 a week. She added: "The Government's website says we should notify DWP if there's a change in circumstance. But I haven't changed my circumstances. I still work the same number of hours a week, I still work for the same employer. My caring responsibilities are no different."
>
> In April 2024, Nicola received a letter telling her she had exceeded the limit and that she needed to provide further information. Her Carer's Allowance payments stopped. She responded to the letter before the deadline, but weeks later, DWP got in touch again to say that it had now checked her records back to 2018 and found that she had exceeded the earnings limit a further seven times.

[1] See: House of Commons Library, *E-petition debate relating to Carers Allowance*, April 2024, p5.

Nicola now owes £2,723.75 to the DWP, plus a civil penalty of £50 for failing to report changes in her circumstances. Not only that, but her national insurance record will also suffer as she will miss out on class one contributions for the dates that she received overpayments, which could affect her ability to get a full state pension in the future.

The letter told her that if she didn't respond within one month, the DWP would either deduct up to £30.80 from any means-tested benefits she receives – which she doesn't – or contact her employer and deduct 40% of her take-home pay.

Nicola said: "Who can afford that? I'm already on a low wage because I'm trying to keep under the earnings limit. I work 13.75 hours, term-time only. Charlie's in full-time education, I could actually work more hours – I would want to work more hours – but there's going to be no financial benefit to earning more money because I'll just have the Carer's Allowance stopped.

"What about carers' mental health? I work in a big building with lots of people, and it's great for my mental health. Is my wellbeing not important? It's stressful at home sometimes, and there should be no reason why I can't pick up extra hours that fit around Charlie and the rest of my family."

For Nicola, the situation is worsening the already stressful responsibility of caring for her son. "You've got appointments to go to, and he's doing his GCSEs at the moment which is stressful for any kid but especially one with Charlie's issues... it's not great at all.

"It's annoyed me recently to find out that the DWP have actually been getting alerts about overpayments but they're not doing anything with them. They've known that I owe overpayments for years. It's a minor discrepancy, it's not fraud. To be penalised like this is terrible."

In 2018, the Verify Earnings and Pensions (VEP) system was introduced for Carer's Allowance to help prevent overpayments caused by increased earnings. However, data provided by the Department for Work and Pensions in response to a parliamentary question shows that the DWP failed to follow up on 48% of cases of potential overpayments during the last financial year in 2023/24.[2] The same data shows the largest total overpayment is between £40,000 and £50,000. This is not money that most carers can easily and quickly repay. We've collected further evidence from MSE readers who are facing requests to return overpayments:

- *"My dad is blind. His wife is his carer & works 13 hrs a week on minimum wage. She has been told she owes £5,000+ and it is going to be taken from her salary. Her worst offence – working 50 mins over because others don't turn up for work. Disgusting!"*
- *"I fell foul of this. Earned £3 over the allowed limit, due to holiday pay dropping in on my temporary contract. I had to repay 12 weeks allowance for my part time Christmas job, starting at 5am to ensure I could continue my caring duty. Devastating."*

[2] Question tabled by Owen Thompson on 23 April 2024, answered by Paul Maynard on 1 May 2024: https://questions-statements.parliament.uk/written-questions/detail/2024-04-23/23251.

<u>The case for cancelling the Lifetime ISA (LISA) withdrawal penalty for all first-time buyers</u>

The LISA is a product those aged 18 to 39 are encouraged to open to start saving towards their first home. The 25% bonus the state adds has helped many build up a deposit. Yet LISAs haven't kept up with the times, and many young people, especially in South-East England, now find themselves facing a penalty for using those LISAs on exactly what they were intended for.

To ensure the longevity of this saving scheme, the LISA threshold should be index-linked to house prices (backdated to 2018), and/or the penalty should be reduced from 25% to 20% for savers buying over the threshold, which means they can at least get back what they put in.

See our detailed research on the Lifetime ISA penalty, which includes impact analysis and case studies:

- Locked out by the LISA (January 2023)
- Martin Lewis: Chancellor needs to fix dead duck Lifetime ISAs, regional research update (November 2023)

Background to Lifetime ISAs

Lifetime ISAs (LISAs) were introduced in 2017 to give eligible savers a 25% bonus each year on savings of up to £4,000, if the funds are being used to buy a qualifying first home or for retirement. The first home must cost under £450,000 or the saver will face a 25% penalty to access their money – losing roughly 6.25% of their OWN money in the process.

What is the problem?

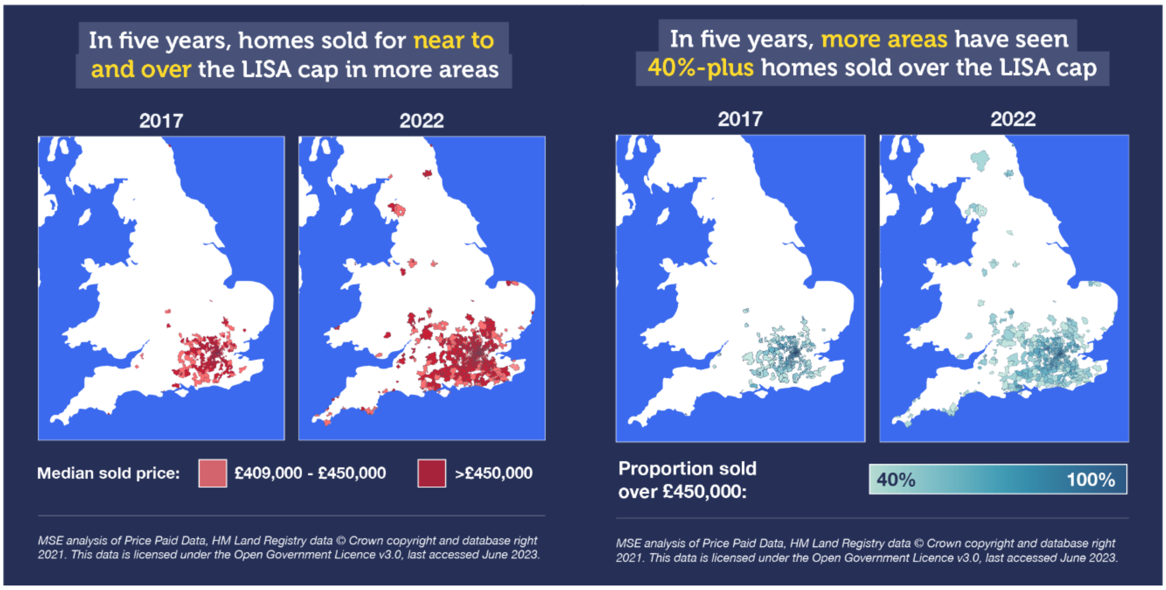
- Over the past five years, savers have lost £18.5 million of their OWN money, accepting a penalty to access their cash for a reason other than buying a qualifying home. In the last financial year alone (22/23), savers lost more money than in the previous four tax years combined.[3]
- Someone who has saved the maximum each year since the LISA launched in 2017 is currently expected to lose around £2,000 of their OWN money if they're unable to buy under the threshold.[4]
- Despite the recent slowdown in house price growth, average UK house prices have risen by 32% since 2017, while the LISA cap has stayed the same.[5]
- In the 12 months to April 2023, average London first-time-buyer property prices were over £450,000 in 26 of its 32 boroughs.[6] This should act as a warning about the longevity of the scheme if left untouched.

But crucially, this doesn't only affect Londoners...

[3] MSE analysis of HMRC, Lifetime Individuals Savings Account (LISA) tables: June 2023, 22 June 2023. HMRC data does not include reasons for withdrawal.
[4] Calculation based on saving the maximum £4,000 per tax year, and ignoring interest accrued, for ease.
[5] Average UK property price in April 2017 versus June 2024, UK House Price Index (UKHPI, last accessed 10 September 2024.
[6] Halifax and Bank of Scotland average first-time buyer house price data (based on mortgage approvals), April 2022 to April 2023. Inclusion requires min. 30 records.

Across England and Wales, more first-time buyers are at risk. Between 2017 and 2022, more homes were sold over the £450,000 threshold in more areas.[7]

Figure 1: Illustration of the change in areas where the selling price of homes is near to and over the LISA threshold, over five years.



- MSE analysis of Land Registry data from 2017 and 2022 also found that:
  - Bristol, Bedford, Cambridge, Bournemouth and York have seen the biggest growth in the number of homes sold over the LISA cap, as a proportion of total sales.[8] In 2022, almost half of properties sold in Cambridge cost over £450,000, while Bristol and Bedford also saw nearly a quarter of sales above the cap.
  - Outside of London, areas such as Bristol, Reading, Cambridge, Southampton and Norwich sold the largest number of homes over the £450,000 cap in 2022. Of these, Norwich, Bristol and Southampton saw the biggest increases since 2017 – of 92%, 60% and 58% respectively.[9]

How can this be fixed?

Action is clearly needed to future-proof this valuable savings product for first-time buyers. Savers should be confident that they can use at least the full amount they've saved into a LISA when they're ready to buy, and not become financially worse off due to saving in it. The Treasury must:

- **Reduce the early withdrawal fee from 25% to 20% for those still purchasing homes above £450,000.** This relaxing of fees was implemented on a temporary basis by the Government to help savers during the Covid-19 pandemic, which proves it can be done.

[7] MSE analysis of Price Paid Data, HM Land Registry data © Crown copyright and database right 2021. This data is licensed under the Open Government Licence v3.0, accessed June 2023.
[8] MSE analysis of Price Paid Data, excluding areas with less than 3,000 total sales in 2017 and in 2022, HM Land Registry data © Crown copyright and database right 2021. This data is licensed under the Open Government Licence v3.0, accessed June 2023. Percentages are rounded.
[9] MSE analysis of Price Paid Data, HM Land Registry data (see footnote 8).

- **Link the LISA property price threshold in line with average property prices,** backdated to 2018, and continue to uprate or downrate it automatically on an annual basis going forward.

Without intervention, the LISA product risks becoming obsolete – not just in London, where it is already largely unusable for average first-time buyers – but across the country, leading to more first-time buyers losing hundreds, potentially thousands, of their savings.

<u>Rename the Tax-Free Childcare scheme to help 800,000 families missing out</u>

The name 'Tax-Free Childcare' is confusing for potential claimants as the scheme has nothing to do with tax, nor does it make childcare tax-free. There are currently around 800,000 of the 1.3 million estimated to be eligible, who are not claiming this help towards childcare costs. MoneySavingExpert conducted research to see if an alternative name, which better describes the scheme, could help some of these people to claim.

We asked respondents to our survey to identify how Tax-Free Childcare works from a list of multiple choice options.

Respondents were then asked to imagine that the name of the 'Tax-Free Childcare' scheme has been changed and is now called the 'Help to Pay for Childcare' scheme, and were asked to identify how the scheme works again.

Having answered these two questions, we explained to respondents what Tax-Free Childcare is, who is eligible and how it works. We then asked respondents to decide whether 'Tax-Free Childcare', 'Help to Pay for Childcare', or a different name best describes the scheme. For those who chose a different name, we offered the option to type in a suggestion.

Nearly four times as many parents who could be helped to claim, understood what 'Help to Pay Childcare' is versus 'Tax-Free Childcare' based on name alone.[10] Additionally, 82.5% of the those who could be helped to claim said that a name other than 'Tax-Free Childcare' best describes the scheme.

During the process of our research, we also found that HMRC commissioned its own study on Tax-Free Childcare.[11] The researchers tested differed names with focus groups to see if the current name was a barrier to take-up and whether an alternative name could improve take-up.

The report recommended that HRMC and the Treasury change the name of the scheme to 'Working Parents Childcare Top-Up'. However, nothing has been done to change it. In our own research, respondents who suggested a different name to 'Tax-Free Childcare' or 'Help to Pay for Childcare', most frequently suggested names including 'working parents' or 'top-up'. Therefore, 'Working Parents Childcare Top-Up' may have even more success at improving understanding than 'Help to Pay for Childcare'.

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[10] Those who could be helped to claim means survey respondents who have a child 11 and under, who pay for childcare and who haven't heard of Tax-Free Childcare (there are a number of reasons those who have heard of it may not claim). This is a sample of 485 respondents out of 7,758 in total.
[11] Tax-Free Childcare: Name Change Research, HMRC Research Report 629, April 2021.

<u>Other issues</u>

Please find included here links to our latest coverage about the other issues we have raised in this submission.

Mortgage prisoners:

- Help mortgage prisoners NOW, Government urged (moneysavingexpert.com)
- Government made £2.4 billion from mortgage prisoner scandal - Martin Lewis says it must fix problems caused (moneysavingexpert.com)

Buy now, pay later:

- Why MSE is campaigning for buy now, pay later to be regulated (moneysavingexpert.com)

Financial education:

- Martin Lewis' evidence session with the House of Commons Education Committee session on financial education (moneysavingexpert.com)