THE CHANGE PRESS

APPG Testimony: Systemic HMRC Failures and the Compounded Human Cost

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[0:00 – 1:30] Introduction: The Face of Institutional Deviance

Mr Chairman, Right Honourable and Honourable Members,

My name is Gabrielle O'Donovan. I am an organisational culture and change management specialist, an author, and a lecturer. I also hold a deeply distressing national distinction: I am the first known British citizen to be wrongly "named and shamed" on HM Revenue and Customs' public list of deliberate tax defaulters.

For nearly four years, my life was upended after HMRC tethered a catastrophic £132,000 debt to my good name. This happened simply because my new home address appeared on paperwork for a contraband cigarette consignment explicitly addressed to a completely separate third party.

As an industry expert on organisational culture, I know this was not an isolated clerical glitch. The toxic culture within HMRC debt collections stems from a **weaponised operational architecture**: **it is within HMRC's gift to routinely bypass vital criminal law safeguards—like the presumption of innocence, the right to know the case against you, and the right to a fair trial—by treating tax fraud- which is a crime - as a civil offence.** This lets a powerful state institution bear down on individuals, often innocent citizens, in a David-and-Goliath dynamic that can have terrible human cost.

Today, I want to take you inside this blueprint, to illustrate how HMRC's unchecked practices are actively destroying the lives of innocent British citizens.

[1:30 – 4:30] The Timeline of Terror

Let me walk you through the timeline of what an innocent citizen experiences when trapped in this net.

For me, **Phase One began in December 2019.** I started receiving substandard, aggressive correspondence from HMRC's Individuals and Small Businesses Compliance team—the ISBC. The letters concerned a matter involving a "Gino at Miki National Co Ltd." They were rife with spelling errors, grammatical mistakes, mathematical flaws, and incorrect postcodes. They lacked an end-to-end narrative and culminated in an ultimatum: pay £132,000 within 10 days.

Crucially, no record of this debt or correspondence appeared on my HMRC online portal. To the average, rational person, this heavily mimicked a terrifying international criminal extortion scam that didn't know how to write professional English-language correspondence, and that did not know that in this country we are presumed innocent, have a right to know the case against

us, and have the right to trial before punishment. For those were my beliefs. Fearing for my physical safety, I went to the police with the letters. The police took the threat so seriously that they assigned a crime reference number and deployed active physical surveillance to my home on two separate occasions to catch what they believed was an active threat. Think about that: a citizen requiring police protection from their own government's tax agency.

Phase Two struck on the 1st of December, 2022. I learnt that HMRC had published my full name and home address on their public online Deliberate Tax Defaulters List six months previously. They branded me a criminal to the world. A week earlier, I had received hate mail from a stranger accusing me of fraud and didn't understand where they were coming from.

This public defamation occurred during an acute period of heavy personal bereavement, immediately following the sudden, tragic death of my youngest sister. When I called HMRC in sheer panic to correct this grievous error, the staff repeatedly hung up on me. They passed me from pillar to post over a chaotic week. I spent agonising hours on the phone to no avail, received little empathy, and got no signposting to Extra Support. Before Christmas, HMRC's Publishing Deliberate Defaulters Team issued a quiet written apology and retraction.

Phase Three arrived in April 2023. The ISBC compliance team would not admit their mistake and aggressively resurrected the case. Imagine my utter shock when I received their demand for the £132,000 sum all over again. They also instigated bankruptcy proceedings against me based solely on my relatively new home address being used for the consignment.

When I called the number on the letter, the team had no idea about the case or how to help me and directed me elsewhere several times over the next week.

When I eventually spoke to the Case Officer, they couldn't find me in the system.

- When I explained the matter, the Case Officer then proceeded to tell me that **I must prove my innocence**. **This aligns with HMRC policy to treat tax fraud as a civil matter, where the taxpayer is presumed guilty until proven innocent and is not protected by the justice and due process safeguards mentioned previously**.
- This is a direct, flagrant violation of Article 29 of the *Magna Carta of 1297*—the foundational bedrock of British justice which guarantees the presumption of innocence and due process.
- Although I gave clear, accurate and timely answers, they were ignored as they were not the answers the Case Officer wanted. They kept gaslighting me by looping back to their script - that I sent in information that would prove my innocence. This was more than a "Nudge" technique; the Case Officer was "Shoving" me into a position of guilt and suggesting I was lying and guilty as charged.
- I told the Case Officer that I was on antidepressants as a direct result of their case. They did not empathise or direct me to Extra Support.
- And I told the Case Officer my sister had recently passed away (a hint for them to please go easy), but they simply ignored that point, causing me distress.
- In follow-up correspondence – even short emails – the Case Officer addressed me as Ms Gabrielle O'Donovan, as if to keep an emotional distance.
- When I asked when they would get back to me, they ignored my question.

This is not one rogue officer going off script. This is someone who knew HMRC policy, knew the lack of safeguards in place to protect the taxpayer, and, in a structured, calculated way, used behavioural psychology and "Nudge" techniques to overwhelm my psychological defences and

force compliance through raw panic. My mental health unravelled, and I came dangerously close to a complete nervous breakdown.

In late May 2023, after I had done what I could to prove my innocence (police involvement, etc.), the ISBC suddenly dropped the case in a patronising letter with no formal apology or explanation.

[4:30 – 5:30] The Institutional Cover-Up

But the administrative abuse did not stop when the case was dropped. What followed was an active institutional cover-up.

When I exercised my legal rights to file Freedom of Information and Subject Access Requests to find out how this happened, HMRC allowed the **original ISBC investigating Case Officer** to manage and rule upon my data access requests. This is a severe, undeniable conflict of interest and a flagrant breach of the UK GDPR. The department and the individual who committed the error were handed total authority to police the evidence of their own failure.

To add insult to injury, the ISBC offered me a derisory **£200 compensation offer** as a "full and final" settlement. They simultaneously refused to provide a full, unreserved public retraction, and refused to formally apologise for pinning the crimes of "Gino" onto my good name. I rejected that offer outright. It was an offensive power play meant to silence me.

[5:30 – 6:30] The Blueprint of the Loan Charge Scandal

Committee members, I am not sharing this narrative simply to air a personal grievance. I wrote my memoir, *Gino's Contraband: Guilty Until Proven Innocent*, because I realised my case was a window into a much larger, darker operational blueprint.

In February 2024, I sat down with a close friend of mine. She was once a bright, highly intelligent professional woman, but she is now trapped in HMRC's parallel Loan Charge dragnet. As we compared notes, we discovered that the operational architecture used against me was identical to the enforcement blueprint used against Loan Charge victims:

- **First, the Removal of Due Process:** HMRC systematically forces citizens into punitive, life-changing, sometimes six-figure settlement pathways long before those citizens are ever granted a fair hearing or the right to defend themselves in an independent court of law.
- **Second, Phantom Taxation:** Taxing individuals on money they never actually received (in her case, Loan Charge promoter's fees), compounded by aggressive interest accelerating on a daily basis.
- **Third, Induced Cognitive Injury:** This is the state-sponsored dropping of an unsustainable psychological weight onto individual human targets until the mind can no longer cope. In the case of my friend, this intense, unyielding pressure resulted in devastating "executive dysfunction," damaging her physical, mental, and emotional health, and stripping away her ability to work or move forward with her life.

[6:30 – 8:00] The Live Legislative Threat

We must understand why HMRC refuses to issue me a formal, public apology for wrongfully naming and shaming me. It is not a mistake; it is a calculated, strategic political decision.

Right now, the government is actively scrutinising primary legislation to reform and expand the Publishing Details of Deliberate Defaulters framework under Section 94 of the Finance Act 2009. If HMRC admits to this Parliament that their current "name and shame" mechanism was used as an unaccountable tool of terror against an innocent business consultant, their political push for expanded powers could be entirely derailed.

Furthermore, HMRC's operational roadmap seeks to broaden their automated collection frameworks. They already possess the draconian power of **Direct Recovery of Debts (DRD)**, which allows them to bypass the court system entirely and raid private bank accounts directly.

Let me be absolutely clear: had the dysfunctional ISBC team executed a Direct Recovery of Debts order against me during the Gino's Contraband dragnet, my bank accounts would have been emptied, and I would have been entirely ruined financially, professionally, and mentally before I was ever allowed to clear my name and prove my innocence in May 2023.

[8:00 – 10:00] Conclusion & Policy Recommendations

An unchecked bureaucracy cannot be allowed to continue to treat tax fraud – which is a crime - as a civil matter where justice and due process are stripped away, to maximise tax collected while treating British citizens as acceptable collateral damage. On behalf of myself, the victims of the Loan Charge, and every taxpayer in this country, I urge this APPG to demand four immediate, structural reforms:

1. **A Legally Binding HMRC Charter:** Elevate the current Charter from a toothless marketing brochure to a statutory instrument. Taxpayers must have the legal right to sue for damages when HMRC flagrantly breaches its principles.
2. **Independent Judicial Oversight:** Strip HMRC of the unilateral power to execute public naming, instigate bankruptcies, or conduct automated bank account raids. No such action should ever occur without prior approval from an independent judge.
3. **An Independent Operational Ombudsman:** Enforce a strict separation of powers for data access. Case officers must be legally barred from policing, obstructing, or filtering GDPR and FOI requests relating to their own investigations.
4. **A Formal Taxpayer Bill of Rights:** We must move beyond non-statutory promises and introduce a legally codified Taxpayer Bill of Rights. This will guarantee UK citizens the right to fair treatment, strict protection against retrospective or retroactive legislation, and the absolute right to be presumed innocent, to know the case against them, and to fight their corner via independent appeal before a single penny is forced out of their pockets.

HMRC's debt collections ***current cultural mindset is that citizens are guilty until proven innocent***, non-entities to be squeezed of every penny they may or may not have – or owe. It is within the power of this committee to facilitate the **restoration of justice and due process for taxpayers**, enforce institutional accountability, and protect the public from state-sponsored trauma and ruin.

Thank you.