

CLAIMS AGAINST TAX CONSULTANTS & SPECIALIST FOR PROFESSIONAL NEGLIGENCE

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Is this a real concern for members?

Something we highlighted a couple of years ago but take the opportunity to do so again given the wider environment affecting members given the nature of the services provided.

You will only be too well aware of the 'have you had an accident?' personal injury advertising prevalent for many years but less so now, this often having been little more than encouragement for people to make claims knowing compensation, if payable, is likely to be backed by insurance. Legislation had some deterring effect on this area, although a similar trend was seen in other areas, e.g. investments, PPI etc, though that source of claim activity slowed too.

However, whilst the merits or otherwise of some of the above can be debated, we are now unfortunately seeing the first signs of a similar claims culture developing in the tax professionals' field with a particular targeting of PI Insurance.

A quick internet search using the above header will highlight this.

Advertising these possible claims/compensation opportunities is one thing; however the potential claimant must of course be able to prove a breach of the duty of care owed and that breach has led to a loss. Typical claim scenarios might include the following to name just two of the more common types seen:-

- Failure to advise your client of changes in the law so they can review the impact of such changes on their tax affairs.
- Missing deadlines to claim tax credits or property related tax allowances.

Whether negligent or not, you will of course know that such actions and claims involve significant costs in defending, both in terms of your own time in investigating, your Insurers' direct legal defence costs (which then sit on your claims record) and even potentially having a negative impact on your being able to drive your own business forward.



www.m-f-l.co.uk/ciot

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McParland Finn Ltd is authorised and regulated by the Financial Conduct Authority.

At MFL Professional, we are able to help alleviate these issues before they arise by way of sensible, pragmatic advice on the risk management measures which satisfy the CIOT/ATT Professional Indemnity Facility Insurers and which might include:

- Robust terms of engagement including contractual disclaimers applicable to the limitation of any advice.
- Members do not stray outside those terms of engagement, staying within the area of expertise.
- If acting as an introducer of tax schemes, ensure your client fully understands the risks, your own role and you document their understanding of these terms.
- Regular periodic reviews of client agreements and risk profiles, maintaining thorough written records of all advice given to clients.

- Ensuring you and your team keep informed of all the latest legal and political developments re tax avoidance via CIOT/ATT and/or other bodies, professional advisers and the media.

Should any claim allegations then be brought in due course, we would assist in defending these in partnership with Insurers willing to defend wherever possible.

Should you wish to discuss this or any other subject impacting your professional liabilities, or require quotations, please do not hesitate to contact us as below.

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