

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA

Ann Charles v. Commissioner of Social Security Administration

Charles · No. CV-25-01040-PHX-SPL · Decided March 12, 2026

SUMMARY

The United States District Court for the District of Arizona reviewed the denial of Ann Charles’s application for Supplemental Security Income benefits. The Court held that the Administrative Law Judge inadequately explained the Step Three determination that Charles did not meet or medically equal Listings 12.03(C), 12.04(C), or 12.15(C), particularly the marginal-adjustment requirement. The Court vacated the Commissioner’s decision and remanded for further administrative proceedings, declining to reach the remaining arguments.

CASE DETAILS

COURT	United States District Court for the District of Arizona
JURISDICTION	United States District Court for the District of Arizona
DECIDED	March 12, 2026
DOCKET	CV-25-01040-PHX-SPL
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Judicial review under 42 U.S.C. § 405(g) of the Commissioner’s denial of Plaintiff’s application for Supplemental Security Income disability benefits.
STANDARD OF REVIEW	The Court may set aside the Commissioner’s disability determination only if it is unsupported by substantial evidence or based on legal error. Substantial evidence is relevant evidence that a reasonable person might accept as adequate to support a conclusion, and the Court must consider the entire record as a whole. The Court reviews only issues raised by the party challenging the decision.
PRECEDENTIAL VALUE	unpublished
PARTIES	Ann Charles v. Commissioner of Social Security Administration

TOPICS

- disability definition
- judicial review of agency action
- administrative law
- remedies

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the ALJ adequately explained the finding that Plaintiff's impairments did not meet or medically equal the paragraph C criteria of Listings 12.03, 12.04, and 12.15.
2. Whether the Court should reach Plaintiff's remaining challenges to the residual functional capacity assessment and the rejection of her symptom testimony.
3. Whether the record required application of the credit-as-true rule and a remand for calculation of benefits rather than further administrative proceedings.

HOLDINGS

1. The ALJ committed reversible error by failing to adequately explain the evidence supporting the determination that Plaintiff did not satisfy the paragraph C2 marginal-adjustment requirement of the applicable mental-disorder listings.
2. Further administrative proceedings, rather than an immediate award of benefits, were appropriate because the record contained unresolved issues and further proceedings would help clarify the ALJ's Step Three determination.

KEY QUOTATIONS

"The Court may set aside the Commissioner's disability determination only if it is not supported by substantial evidence or is based on legal error." (at 2)

"The Court may only "review the reasons the ALJ asserts" in the decision." (at 8)

"Here, the ALJ failed to assert clear reasons for the Step Three determination, which is especially troublesome in light of evidence showing Plaintiff's ongoing need for support around her mental conditions, including inpatient psychiatric hospitalizations, in response to changes and stressors in her life." (at 8)

"In considering "whether the record as a whole is free from conflicts, ambiguities, or gaps, whether all factual issues have been resolved, and whether the claimant's entitlement to benefits is clear under the applicable legal rules," the Court finds that further administrative proceedings would be useful to clarify the ALJ's Step Three determination." (at 9)

FACTUAL BACKGROUND

Ann Charles applied for Supplemental Security Income based on multiple physical and mental impairments, including schizoaffective disorder, depressive disorder, posttraumatic stress disorder, borderline personality disorder, and other medical conditions. The ALJ found that her impairments did not meet or medically equal Listings 12.03(C), 12.04(C), or 12.15(C), including the paragraph C2 requirement of only marginal adjustment. The administrative record included psychiatric hospitalizations associated with suicidal ideation, psychosis, paranoid delusions, hallucinations, and life stressors, as well as evidence of ongoing treatment and support.

PROCEDURAL HISTORY

Plaintiff filed a Title XVI Supplemental Security Income application in March 2020. After the claim was denied initially and on reconsideration, an ALJ found Plaintiff not disabled, and the Appeals Council adopted that decision as the final agency decision. On a prior appeal, this Court vacated and remanded the ALJ's decision. Following a remand hearing, the ALJ again found Plaintiff not disabled, and Plaintiff sought judicial review. The Court vacated the Commissioner's final decision and remanded for further administrative proceedings because the ALJ inadequately explained the Step Three determination.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The Commissioner's final decision is vacated, and the matter is remanded for further administrative proceedings consistent with the order, including reconsideration and adequate explanation of the Step Three determination under Listings 12.03(C), 12.04(C), and 12.15(C). The Clerk was directed to enter judgment and terminate the case.

CASES CITED

- Lewis v. Apfel, 236 F.3d 503, 517 n.13 (9th Cir. 2001)
- Orn v. Astrue, 495 F.3d 625, 630 (9th Cir. 2007)
- Thomas v. Barnhart, 278 F.3d 947, 954 (9th Cir. 2002)
- Tackett v. Apfel, 180 F.3d 1094, 1098 (9th Cir. 1999)
- Marcia v. Sullivan, 900 F.2d 172, 176 (9th Cir. 1990)
- De Botello v. Astrue, No. CV 10-01203-PHX-JAT, 2011 WL 3292401, at *8-*9 (D. Ariz. Aug. 1, 2011)
- Molina v. Astrue, 674 F.3d 1104, 1121 (9th Cir. 2012)
- Connett v. Barnhart, 340 F.3d 871, 874 (9th Cir. 2003)
- Treichler v. Commissioner of Social Security, 775 F.3d 1090, 1099, 1103-04 (9th Cir. 2014)