

# Underpayments

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## Introduction

Universal Credit underpayments may be caused by the claimant or as a result of an official error. An underpayment could be caused by:

- official error
- late verification of information provided by the claimant
- claimant reporting changes late

## Underpayments caused by official error

Universal Credit aims to pay the right amount of money every time but sometimes errors happen. The types of errors that can happen are:

- making an error when calculating a benefit award
- making an error when taking action on a reported change of circumstances which affects an existing benefit award
- failure to act promptly on a reported change of circumstances which affects an existing benefit award

## **Change of circumstances reported but verification of information is delayed**

If a claimant reports a change of circumstances that may affect their award, they may need to provide proof of the changes. They will be contacted by phone or within their To-do list telling them what they need to provide.

If the claimant reports an advantageous change of circumstances towards the end of the assessment period there may not be time to verify the information before the next payment is due.

The claimant's current award of Universal Credit is paid until the information is verified. If an underpayment has happened, an additional payment is made to the claimant to make up the short fall as soon as possible.

If the claimant reports a disadvantageous change of circumstances towards the end of the assessment period, the claimant's Universal Credit award is superseded and a reduced payment is made.

If after verification is complete there is an underpayment, an additional payment to the claimant is made to make up the short fall as soon as possible.

## **Change of circumstances reported late**

If the claimant reports a change after the end of the assessment period it happened in, they will need to explain the reason for the delay.

The Decision Maker considers all of the information the claimant provides to help them decide if the reason for lateness is acceptable. If it is not, arrears are not due and the Universal Credit award is changed from the assessment period in which the change was reported.

## **Paying an underpayment**

Arrears of Universal Credit are paid to the claimant via the CPS LP system and can be paid directly to the landlord if appropriate.

If arrears of Universal Credit are owed to a claimant but they have been separately overpaid, these arrears should be offered to Debt Management to help clear the overpayment. Details of how to do this are found on the 'review an overpayment or underpayment ALP' which can be accessed on the To-do list on the UCFS build.

Debt Management will decide if the arrears can be used to reduce the overpayment. There are some limited exceptions as to when arrears cannot be used to reduce an overpayment.

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