Housing Costs – Contrived Tenancies

First published: **17 February 2016 (version 1)**

Last updated: **06 December 2016 (version 4)**

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Contrived liability

A benefit unit will be treated as not liable to pay rent if a decision maker (DM) is satisfied the liability to rent has been contrived. A contrived tenancy is where a tenancy agreement or liability to pay rent has been deliberately created to abuse or to take advantage of Universal Credit.

For example, the claimant lives in a property owned by a former partner and they do not normally pay rent. When the claimant loses their job and claims Universal Credit, their ex-partner issues them with a rent book. This is classed as a contrived tenancy.

Examples where a contrived tenancy may be suspected:

- the names of the tenant and the landlord are the same – check if they are related and ask further questions
- the landlord's address matches any of the tenant's previous addresses – landlord and tenant could be related
- the tenant's children have the same surname as the landlord – is the landlord the ex-partner of the tenant
- the handwriting on the tenancy agreement matches for both the landlord and the tenant

Contrivance can be on the part of the claimant, landlord, or both acting together.

There must be a valid reason for believing that a liability to pay rent has been created to take advantage of Universal Credit.

If claimants are renting from a former partner or relative this doesn't automatically mean the arrangement is contrived. If the arrangement is a commercial one that has not been established solely for financial gain it may be allowed

If a claimant is renting a property from a landlord who they are related to and share an address, housing costs are not paid under Universal Credit. Any doubt is referred to a decision maker.

A commercial tenancy refers to a formal, legally enforceable, contract to make payments between a tenant and landlord. The term 'commercial agreement' in Universal Credit housing costs does not refer to business premises. See Private rented sector section 'Non-commercial arrangements with landlords' and the Housing – at a glance

Cases where discretion is not given

There are some cases where no discretion is given and a benefit unit is automatically found not liable for housing costs. This includes the following cases where liability is to:

- a member of the assessment unit;
- a close relative of a member of the assessment unit and that relative lives in the same property;
- a company owned by a member of the assessment unit or a close relative of a member of the assessment unit who lives in the same property; or
- a company of which a member of the assessment unit, or a close relative of a member of the assessment unit living in the same property, is a director
- a trust of which a member of the assessment unit, or a close relative of the assessment unit who lives in the same property, is a trustee or a beneficiary

Deciding if tenancy abuse exists

The decision whether a tenancy is contrived is made by a DM.

The DM's duty is to show if an arrangement exists, before deciding that abuse is being undertaken. This DM establishes the facts and determines the main purpose of the arrangement before deciding to treat that person as not liable to make the payment.

When making a decision that a liability has been created to abuse Universal Credit, all the available evidence must be taken into account.
Attention is not given to if a liability exists, but if a liability was created to abuse Universal Credit. The DM decides if a liability exists before considering whether

or not it is contrived, although the two questions often involve allowing for the same facts.

Consider any arrangements the claimant has entered into which create a liability they cannot meet without Universal Credit; or, where they could have avoided the situation and still been adequately accommodated.

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