

Deprivation of capital

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Introduction

Deprivation of capital is when a claimant knowingly reduces their savings and other capital, or transfers them elsewhere either to get or increase their Universal Credit payments. This may be before making a claim or during an existing claim.

Notional capital

The claimant will be treated as still having the capital if it is decided that they reduced it in order to receive or increase their Universal Credit. This is then called notional capital.

A claimant is not treated as depriving themselves of capital if they:

- use it to reduce or pay a debt owed by them; or
- purchase goods or services if the expenditure was reasonable in the circumstances of their case

When working out the Universal Credit a claimant can get, notional capital is added to any actual capital that they have. Because savings and other capital don't stay the same, the notional capital will reduce by an assumed amount in each assessment period.

If the claimant is treated as having between £6,000 and £16,000 capital, it is treated as providing an assumed yield income of £4.35 for every £250 (and part of £250) in excess of £6,000 lower limit. The notional capital is treated as reducing by the amount of the assumed yield income

If the notional capital exceeds £16,000, there is no entitlement to Universal Credit. The amount of notional capital is reduced each month by the amount of Universal Credit that would have been made to the claimant if the notional capital was not included in the assessment.

Evidence

If the claimant's capital has reduced significantly they may be asked for evidence to show what happened to it. This could include:

- documents to show that ownership of property has been transferred to another person
- deeds to show that money has been given to another person in trust, settlement or as a gift
- receipts to show what the capital has been spent on

These are examples, not a complete list.

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