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Advances

Universal Credit claimants have access to four types of advances:

- New Claim Advance
- Change of Circumstances Advance
- Benefit Transfer Advance
- Budgeting Advance

The following content focuses on New Claim Advances.

New Claim Advance

The aim of a new claim advance is to support claimants who can't manage until they receive their first payment of Universal Credit. Claimants should be made aware that advances are available to them if they are in financial need.

To establish if the claimant and their partner if they have one, have a financial need and require an advance they should be asked if they have enough money to live on until the first payment of Universal Credit is due. This might be money from savings, earnings, redundancy payments or support from the claimant or partner's parents, family or friends. If the answer is no, then an advance should be offered.

A claimant is not required to have signed their Claimant Commitment before they can get an advance, but they must:

- be unable to manage until their next payment of Universal Credit (financial need)
- have likely entitlement to Universal Credit (their ID must have been verified and there must be no doubt that HRT will be satisfied)

- have the ability and agree to repay the advance

For joint claims both claimants must satisfy these conditions but the claimant making the advance request has to confirm only that their partner knows and agrees to the advance request.

If a claimant meets the conditions for a new claim advance, they have the choice to claim it online. If an advance is awarded it will be recorded in the advances page and in claimant history.

It is still essential that claimants are offered an advance and that it is processed at the first point of contact, usually the initial evidence interview.

Claimant has received advances previously

Claimants must be actually entitled to Universal Credit or likely to be entitled before an advance payment can be made.

If a claimant has been awarded an advance payment for a previous claim, but there is evidence of those past claims to Universal Credit not then progressing to the payment stage, this throws a doubt on whether any further advance payments can be made and, further evidence can be requested before an advance is awarded.

In these cases, the following should be considered:

- the number of previous new claim advances
- whether previous Universal Credit claims progressed to payment
- the reason for previous Universal Credit claims not progressing to payment
- if there is evidence of multiple accounts using different email addresses
- evidence of how the claimant has supported themselves financially between claims

Referral to a Team Leader

Requests for a new claim advance must be referred to a team leader if the claimant has previously been paid two or more advances of any type and the agent wishes to pay the advance.

In these cases the team leader is simply checking to see if there is strong evidence that the claimant has previously abused eligibility to receive advance payments. Having a number of outstanding advances does not stop the claimant from receiving a further advance.

Only budgeting advances require the claimant to have repaid an earlier advance.

Multiple requests for advance payments – refusal

If it is decided that the advance payment cannot be made because there is a doubt the claimant is likely to be entitled to Universal Credit, the claimant must be told by using the wording below in the journal or over the phone. In no circumstances should this be communicated face to face.

“We have looked at your recent history and the information that you have given to us. Having considered these items we do not believe that you will get an award of Universal Credit, because you are unlikely to meet the eligibility criteria for that benefit. As such you do not fulfil the eligibility criteria for a Universal Credit advance, and we are not going to provide you with one at this time.”

The claimant history must also reflect the request and reasons for refusal.

Timescales

Claimants should be asked whether they have enough money to live on until their first payment of Universal Credit during their initial interview.

This should be followed by checking that the claimant understands that this means any final earnings, redundancy payments or savings or whether they live with friends or relatives.

If at that point the claimant considers that they do not need an advance, they may then ask for an advance at any point during their first assessment period.

Amounts

The claimant should be informed of the maximum amount they are entitled to, based on 100% of their overall estimated entitlement.

The maximum amount is the total of the following if they are applicable:

- any Standard Allowance
- any Child Element/Disabled Child Addition
- any Childcare Costs
- any Limited Capability for Work/Work-related Activity
- any Universal Credit awarded for being a carer
- any housing cost

This total sum is the ‘maximum amount’ for the benefit unit.

The aim is to pay only one new claim advance so it is important to get the amount the claimant needs right. By exception, a claimant may initially request an amount of advance that is lower than the maximum amount available to them and then, subsequently, decide they need the remainder. In these cases, it is possible to pay them the remainder of the first advance, as an additional

advance, providing the total amount they receive remains within the maximum entitlement of their first advance. As the remainder is part of the original advance available to them, financial need does not need to be established again.

The claimant should be offered support to calculate the most appropriate amount of advance payment, based on their monthly outgoings and their ability to repay it over the next 12 months. To guard against hardship, the repayment amount will be no more than the equivalent of 40% of the claimant's Universal Credit Standard Allowance.

Recovery

The advance is recovered by deducting from a claimant's monthly Universal Credit Standard Allowance in equal amounts over 12 equal installments, starting from the first month's award.

However, the Universal Credit system can't commit to 12 installments of equal deductions, as there may be months when the claimant doesn't have enough Universal Credit to cover the installment (due to increase in earnings).

The Universal Credit system will calculate what can be deducted every month (up to a maximum) until the advance has been recovered.

Claimants should be informed that they have 12 months to repay the advance (i.e. the maximum period).

During the recovery of the advance exceptional circumstances may occur that were not foreseen when the advance was taken out. For example a child going into hospital, resulting in unexpected and regular bus/taxi fares for the parents to visit. If these circumstances push the claimant into genuine hardship resulting in difficulty repaying the advance over the agreed recovery time, a maximum 3 month deferral can be considered. Full recovery must be made within 15 months

Whilst joint claimants have joint liability for an advance, only the claimant requesting the advance has to confirm that their partner has agreed to the advance request and recovery terms. If the couple subsequently separate, the recovery of the advance will be taken from both of them on a 50/50 basis.

Payment

Advances are paid by BACS transaction into the account that the claimant is using for their Universal Credit claim within three working days.

If a payment is needed more quickly, provision can be made for a same day Faster Electronic payment. These should only be made where there are

exceptional circumstances that require this, for example, where the claimant does not have enough money to last until the advance is paid.