

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change of circumstances towards the end of the assessment period, the claimant's Universal Credit award is superseded and a reduced payment is made.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

Debt Management decide if the arrears can be used to reduce the overpayment.

Where there are arrears of Universal Credit due for a joint claim, regardless of whether the joint claim is still in payment, the arrears amount may be withheld as payment against any existing outstanding debt owed by either claimant of the couple.

Where both claimants of the couple have separate debts, the arrears are split equally and offset against each claimant's debt.

Where only one claimant of the couple owes a debt, the full amount of arrears due can be withheld to recover the debt.

There are some limited exceptions as to when arrears cannot be used to reduce an overpayment.

When arrears of Universal Credit cannot be offered to Debt Management to reduce/recover an overpayment

If a claimant is due arrears of Universal Credit, these cannot be withheld and offered to Debt Management if they:

- are full benefit entitlement for one or more AP's and payment is being paid after the due date (late payment rather than arrears)
- have accrued due to a suspension of benefit
- are for a particular use or purpose, for example:
 - arrears of housing costs which would leave the claimant in debt with their rent
 - arrears of child care costs which would leave the claimant in debt with their child care provider

Note: Arrears of Universal Credit are not used to recover any Social Fund debt.

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