

Advances: Benefit Transfer

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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 Benefit Transfer Advances.

Benefit Transfer Advance

Current Social Security benefits and Tax Credits are paid weekly, fortnightly or four weekly in arrears. This means when claimants move from existing benefits to claiming Universal Credit there is likely to be a gap between the final payment of these benefits and their first monthly payment of Universal Credit. In order to manage this transition, claimants migrating from these benefits will be offered a Benefit Transfer Advance.

Claimants can receive a Benefit Transfer Advance if they have been in receipt of an existing benefit within one calendar month of making a new Universal Credit claim

Qualifying benefits include:

- Jobseeker's Allowance (income based)
- Employment and Support Allowance (income-related)
- Income Support
- Housing Benefit
- Tax Credits

This also includes when a partner is being claimed for by a claimant prior to their move to claiming Universal Credit.

It is assumed that claimants who make the transition or who are migrated to Universal Credit, and who qualify for a Benefit Transfer Advance during the first month, are in financial need - so all they need to do is request an Advance for this to be paid.

Where a claimant has transferred to Universal Credit from a qualifying benefit within one calendar month, they must be offered a Benefit Transfer Advance not a New Claim Advance.

It is possible for a Benefit Transfer Advance and a Change of Circumstances Advance to be paid in the same assessment period.

Timescale

Claimants can apply for a Benefit Transfer Advance during their first assessment period after making a new claim for Universal Credit. They must have been in receipt of a qualifying benefit the month prior to the claim to Universal Credit.

For joint claims, only one claimant must have been in receipt of a qualifying benefit.

If a claimant meets the conditions for a Benefit Transfer 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.

Amounts

The claimant must 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 applicable:

- any Standard Allowance
- any child/Disabled Child Addition
- any childcare Costs
- any Limited Capability for Work/Limited Capability for Work and Work related Activity
- any Universal Credit awarded for being a carer
- any housing costs

This total sum is the 'maximum amount' for the benefit unit.

The claimant must be advised of the need to budget this money to last until they receive their first Universal Credit payment. If a claimant has already received the full amount of a Benefit Transfer Advance they are entitled to, they cannot receive another one for the same assessment period.

Returning to, or joining a Universal Credit claim from existing benefits

If an existing benefit claimant forms a couple with someone who has a Universal Credit claim they will not be eligible for a Benefit Transfer Advance on forming that couple. Instead, the Universal Credit claimant will have to apply for a Change of Circumstances Advance if they need extra financial support.

Appeals

Unlike other Universal Credit advances, claimants can appeal against a decision not to award a Benefit Transfer Advance.

It is however unlikely an appeal will arise. This is because in nearly all situations the claimant will receive an Advance if they request it. Unlike other Universal Credit advances where there are hardship or affordability tests for a claimant, there is no need to demonstrate this to receive a Benefit Transfer Advance.

Recovery

The Advance is recovered by deductions 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 (for example, due to an 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 must be informed that they have 12 months to repay the Advance (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 and result 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.

A claimant may want to repay the advance in a lump sum. In these circumstances they should be asked to ring the Debt Management phonenumber. See Debt Management guidance for phone numbers

Recovery from earnings

The Advance can be recovered from earnings if the claimant leaves Universal Credit. Any outstanding debt to be repaid will be recovered as an overpayment by Debt Management. This includes recovery from earnings.

Payments

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

As the Advance is a payment of Universal Credit, it is treated the same as other payments. The Advance can only be paid into the Universal Credit claimant's bank account or (where appropriate) into the account of their appointee.

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.