

Money guidance and Alternative Payment Arrangements

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Introduction

Universal Credit prepares claimants for the world of work paying them monthly and encouraging them to take responsibility for their financial affairs. Households are expected to manage their own budgets, making housing costs a priority. It is important that claimants are able to make the same decisions as those in work and develop the financial capability to do so.

Some claimants will need support to adapt to three key changes that Universal Credit brings:

- a single household payment
- being paid monthly
- housing costs, in most cases, being paid directly to the claimant who will then be required to pay their rent to their landlord themselves.

It is therefore essential to discuss these key changes with every claimant at the beginning of their claim to make them aware of the support that is available.

Claimants who may struggle to set up their new Universal Credit claim and get their first full correct payment may be offered Help to Claim. For more information see Complex Needs – Other needs and situations.

Claimants who continue to struggle with budgeting or debt should be offered money guidance/debt advice.

It is important to encourage claimants to seek help for their money problems as soon as possible to avoid the risk of going into debt or stop existing debts from getting worse.

It may help to reassure claimants that thousands of people seek help with their money every week. This can be anything from tips on better budgeting or saving money on bills to urgent advice for crisis debt.

For help making the most of their money claimants can visit the Money Advice Service website to:

- get a personalised plan for managing money while specifically on Universal Credit using the Money Manager Tool
- find general money management content and budgeting tools
- open a Web chat

Claimants can also get expert direct support from the Money Advice Service by phone.

If the claimant is showing signs of having problem debt, they should be encouraged to seek free debt advice as soon as possible. Signs of problem debt include, for example:

- missing two bills
- struggling to sleep due to money worries
- worried how they will pay at the till

Claimants can use the Debt Advice Locator tool on the Money Advice Service website which signposts to free, confidential, non-judgemental and impartial debt advice online, by phone or face to face in their local area.

Note: When delivering Help to Claim Citizens Advice or Citizens Advice Scotland may refer the claimant on to suitable money guidance or debt advice provided by themselves, or other partners.

How will money guidance help Universal Credit claimants?

Some claimants will not need or want money guidance, while others will need it for a short period of time and others for longer.

There are different levels and types of money guidance offered based on the claimant's needs. This means that claimants who:

- don't need or want money guidance are signposted to online services such as those offered by Money Manager, Citizens Advice or Money Saving Expert
- do require money guidance are digitally capable and not considered to have complex needs are signposted to the online Money Manager

- need or request an APA, either as well as or instead of money guidance, are quickly identified and the APA is promptly put in place

What is the online Money Manager?

[Money Manager for Universal Credit claimants](#) is an online tool claimants can use to help manage their finances. It is owned and hosted by the [Money Advice Service](#) and can be accessed via their website and also via the [GOV.UK](#) website.

Money Manager asks questions to establish the claimant's circumstances so it can provide specific information to support them in their current situation. Claimants are directed to register on the Money Manager website so that they can save their answers. They can also revisit the Money Manager to add a change of circumstances and receive modified support.

There are three parts to the online Money Manager:

1. To read

This section contains advice to support and guide claimants while waiting for their first Universal Credit payment or are already receiving Universal Credit. For example, it covers the topics:

- sorting out your rent
- dealing with debt
- about borrowing money

These are examples and not a full list of the topics covered.

2. My tasks

This section contains recommended actions that the claimant may need to do now or over the next few weeks, for example:

- set up a direct debit to pay rent
- talk to a free debt adviser
- contact utility providers to see if they can get a better deal

These are examples only, not a full list.

3. My money

This section will activate when the claimant indicates that they have received their first Universal Credit payment. It asks the claimant for details of income, including Universal Credit, outgoings and calculates how much is left on a monthly, weekly or daily basis.

If the claimant registers on Money Manager, then any information they input is saved and can be retrieved on later visits.

The claimant is asked if they have registered on Money Manager at their next appointment.

Help to Save

This is a new government saving scheme to help working people on low incomes build their savings.

For more information, see Help to Save

Advances

The aim of an advance payment is to support claimants who can't manage until they receive their next payment of Universal Credit.

During the budgeting conversation, claimants must be made aware that advances are available to them if they are in financial need.

To establish if the claimant has a financial need and requires an advance, they must be asked if they have enough money to live on until the next 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 a claimant must be offered an advance.

When discussing advances, eligible claimants must be told the maximum amount available and the monthly repayment figure, based on the longest repayment period. Further information is available in advances under complex needs.

What are Alternative Payment Arrangements?

The move to a single monthly household payment is a significant change to the way most benefits are currently paid. The following APAs are available to help claimants who are identified as needing additional support:

- paying the housing costs from Universal Credit as a Managed Payment direct to the landlord (MPTL)
- more frequent than monthly payments
- a Split Payment of an award between partners

When can Alternative Payment Arrangements be considered?

The majority of claimants will be paid a single monthly payment, which will encourage personal responsibility for finances and encourage claimants to budget their money on a monthly basis. This will enable them to make a smooth transition into monthly paid work.

APAs must only be considered for those claimants who:

- cannot manage the single monthly payment and as a result there is a risk of financial harm to the claimant and/or their family
- meet Tier 1 or Tier 2 factors
- have had their housing costs paid to their landlord as part of their Housing Benefit claim and must be offered this option when they are moved onto Universal Credit providing they continue to meet the Tier 1 or Tier 2 factors

APAs can be considered at any point during the Universal Credit claim. The need may be identified in the Service Centre or Jobcentre, or during the claim, for example because the claimant is struggling with the single monthly payment or for budgeting purposes in domestic violence and abuse cases. See Tier 1 and Tier 2 factors for more triggers that may mean an APA is considered.

APAs can also be triggered by information received from the claimant, their appointee, their caseworker or their landlord, advising of a build-up of rent arrears or risk of eviction.

To safeguard the claimant's home, a landlord can notify the DWP of a build-up of rent arrears. They can ask for the Universal Credit housing costs to be paid direct to them where a rent arrears 'trigger' has been reached. The landlord can also apply for an APA if the claimant meets any other Tier 1 or Tier 2 factors only. The guidance in Tier 1 and Tier 2 factors provides more details about these 'triggers'.

Some Social Rented Sector (SRS) landlords across England, Scotland and Wales, have made an agreement with DWP to support their tenants with any financial and personal budgeting issues. In exchange, landlords considered as trusted partners on the portal can request MPTL APAs for their tenants whenever they identify a need and have them granted without question.

What are the key factors to consider?

APA applications are considered on a case by case basis, with the focus on the claimant's need. Claimants who have been in receipt of Housing Benefit which was paid to their landlord must be made aware of the option to continue having their housing costs paid to their landlord when their claim migrates to Universal Credit providing they continue to meet the Tier 1 or Tier 2 factors.

A claimant can be considered for one or more APAs based on individual circumstances and characteristics. Numerous factors must be considered when deciding whether an APA is appropriate.

For example:

- is the claimant managing to pay their bills on time, particularly their rent, have they fallen into arrears in the past, or are they currently in arrears?
- do they think they are able to manage a monthly budget, taking account of their income and outgoings over a calendar month?
- is the claimant making multiple requests for an advance of their Universal Credit payment?
- if the claimant is part of a couple, are they used to managing their money together and do they think they are able to manage the single Universal Credit payment to the household?
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These are examples only; this is not a full list of all the factors to consider. When an APA is considered, the Tier 1 and Tier 2 factors are used as an indicator to decide if these arrangements are appropriate to an individual.

All cases are assessed on an individual basis. Details from a third party in other words the claimant's appointee, their caseworker and/or their landlord can be used to inform a decision.

In what priority order will they be considered?

APAs are considered in the following order of priority:

- MPTL - paying Universal Credit housing costs to the landlord is the first priority where it is part of the Universal Credit award, in order to safeguard the claimant's home. MPTL are always deducted and paid first as the priority APA.
- More Frequent Payments.
- Split Payments of an award between partners must only be considered in certain circumstances, for example:
 - financial abuse where one partner mismanages the Universal Credit payment
 - for budgeting purposes, where domestic violence and abuse is an issue and the couple decide to remain together in the same household, but only one claim to Universal Credit is made.

This is not a complete list.

If the claimant meets the criteria for either (2) or (3) above, their landlord, (if they have rental liability) will automatically be paid Universal Credit housing costs direct, with the remaining Universal Credit paid as appropriate.

In summary, a claimant could therefore have any of the following combinations:

- housing costs paid direct to landlord only
- More Frequent Payments only, for non-householders
- Split Payment only
- housing costs paid direct to landlord and More Frequent Payments
- housing costs paid direct to landlord and Split Payments
- More Frequent Payments and Split Payments, for non-householder couples where appropriate
- housing costs paid direct to landlord, More Frequent Payments and Split Payments

The above aims to support those claimants over time in developing their budgeting capability and at the same time safeguarding their home.

When can a Managed Payment to a landlord be requested?

MPTL can be made when a claimant:

- has been in receipt of Housing Benefit paid to the landlord requests that their housing costs continue to be paid to their landlord under Universal Credit providing they continue to meet the Tier 1 or Tier 2 factors
- is in arrears with their rent for an amount equal to, or more than, 2 months of their rent (the calculation of rent arrears can include arrears of service charges that are included in the rent payment or paid with the rent payment), a third party deduction to recover the rent arrears can also be requested at this point
- has complex needs, in line with the Tier 1 and Tier 2 factors, a MPTL may be considered appropriate without the presence of rent arrears
- has continually underpaid their rent over a period of time, and they have accrued arrears of an amount equal to or more than one month's rent

The 1-month trigger is intended to prevent claimants in rent arrears reaching the 2-month trigger point, which could result in eviction from their home.

Underpayment of rent may indicate more serious underlying issues, and the implementation of managed payments and referral to money guidance may prevent these problems escalating.

Disclosure of information to landlords

The following information can be shared with social landlords without the need for explicit consent:

- APA - MPTL
- crime and disorder

Private landlords no longer need the claimant's explicit consent for disclosure of information to set up an APA (MPTL). See the Consent and disclosure information.

Claimants subject to the benefit cap with a Managed Payment to Landlord

Claimants, who have a MPTL APA in place, may be left with little or no Universal Credit to meet other living costs, once the benefit cap is applied.

Capped claimants in this situation who wish to apply for a discretionary housing payment may also have a MPTL in place.

More Frequent Payments

Universal Credit is paid monthly. However, where it is identified that a claimant is finding it difficult to budget monthly, they can have their Universal Credit divided over the month so it is paid more frequently, for example: twice monthly or, exceptionally, four times a month.

These can only be paid at the end of their first assessment period and are, in the majority of circumstances, half their Universal Credit award, with the remaining half paid 14 or 15 days later. In very exceptional cases they could be paid four times a month. This would mean receiving a quarter of their Universal Credit payment after the end of the first assessment period and the rest paid at 7 or 8 day intervals.

In cases where a claimant's Universal Credit includes their housing costs, this would be accompanied by a MPTL to safeguard their home and provide greater assistance for the claimant household.

Landlords considered as trusted partners on the portal can request that claimant receives more frequent payments.

Split Payments

In very exceptional circumstances, payment of Universal Credit can be divided between 2 members of the household. This is known as a Split Payment.

Split Payments are to prevent hardship to the claimant and their family and must only be considered in certain specific situations, for example for budgeting purposes in domestic violence and abuse cases or where financial abuse occurs and one partner mismanages the Universal Credit payment.

Unlike appointee action, the claimant keeps full responsibility for their claim and any related activity, for example Work Programme activity. A Split Payment can be paid to 2 separate members of the household, with the larger percentage allocated to the person with primary caring responsibilities this means the one with child care. This is to ensure the health and wellbeing of the majority of the household.

If a Split Payment is to be made, consideration must also be given to a MPTL for the housing costs, where there is a rental liability.

When are Split Payments considered?

Split Payments are normally considered to prevent hardship to the claimant and their family, for example if the Universal Credit claimant is not managing their financial affairs and not meeting their family's day to day needs. Split Payments must be considered when the claimant:

- states financial mismanagement and/or financial abuse
- states that there is domestic violence and abuse issues
- cannot or will not budget for their own or their family's basic day to day needs

Can a claimant appeal against an Alternative Payment Arrangement?

There is no right of appeal against the decision. However, the decision can be reviewed by the same or a different agent if further information is provided.

When will Alternative Payment Arrangements be reviewed?

APAs are reviewed to take account of a claimant's changing circumstances and characteristics. The aim is to deliver money guidance to build the claimant's financial capability so that, in time, they can manage the Universal Credit single monthly payment.

The agent will decide on the review period and each case will vary as claimants who are awarded an APA will have different characteristics, therefore a one size fits all approach is not considered appropriate.

Discretion is used to decide on the best review period to be set using information provided by the claimant, their representative and/or landlord, to help inform the APA review period.

If a claimant has more than one APA in place, the review period may be slightly longer than if they only have one. However, each case will need to be considered individually based on the claimant's circumstances and characteristics. For some claimants with complex needs who are particularly vulnerable, for example those

who have a long term mental health condition with no one to support them, it may be more appropriate to have a longer review period.

Scottish Choices

Universal Credit claimants living in Scotland are able to choose:

- how often their Universal Credit is paid - twice a month or once a month
- who their housing costs are paid to - themselves or directly to their landlord

The offer is made automatically via a to-do to new claimants and Live to Full Service transfer claimants as soon as possible after the claimant is paid for their first assessment period.

All existing Universal Credit claimants living in Scotland can request Scottish Choices but will not automatically be made an offer via a to-do.

If a claimant chooses:

- to be paid twice monthly only, their payments are still assessed monthly in arrears. This means that their first payday will not change after they choose twice monthly payments, and on the first payday they will receive half of their calculated payment. Fifteen days later they will receive the other half. This pattern will then repeat every month
- for their landlord to be paid the relevant housing costs only, their payments will still be assessed monthly in arrears. On their payday, the claimant will receive their calculated payment, without the relevant housing costs. These housing costs are paid to their landlord on the same day or on a different payment schedule agreed between DWP and the landlord. This is dependent on whether the accommodation is in the social or private rented sector. This pattern will then repeat every month
- to be paid twice monthly and for their landlord to be paid the relevant housing costs, their payments will still be assessed monthly in arrears. This means that their first payday will not change after they choose twice monthly payments, and on that first payday they will receive half of their calculated payment – without the relevant housing costs. Fifteen days later they will receive the other half – again without the relevant housing costs. The relevant housing costs are paid to the landlord monthly or on a different payment schedule agreed between DWP and the landlord. This is dependent on whether the accommodation is in the social or private rented sector. This pattern will then repeat every month

DWP Alternative Payment Arrangements (APA) remains a key feature of Universal Credit and are the first consideration for claimants in need. APAs will still be available for all claimants who satisfy the relevant Tier 1 or Tier 2 factors. APAs must be considered for any claimant as normal.

Claimants with an APA for either More Frequent Payments or Managed Payment to Landlord will not be eligible for the corresponding Universal Credit Scottish Choices.

If an APA is imposed for any reason by DWP the claimant cannot choose to have it removed. Landlords will have the opportunity to apply for an APA under normal procedures.

A landlord cannot request Scottish Choices.

Unlike DWP APAs, Scottish Choices will not be subject to reviews but the claimant can change their mind.