

# Advances – change of Circumstances

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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 Change of Circumstances Advances.

## Change of Circumstances Advance

A claimant can request an Advance when they report a change of circumstances which results in a significant increase in their Universal Credit entitlement. To be eligible for a Change of Circumstances Advance, a claimant must (due to financial need) be unable to manage until their next scheduled payment of Universal Credit

A claimant may be entitled to more than one Change of Circumstances Advance in the same assessment period if each Advance relates to a different change. It is also possible for a New Claim Advance and Change of Circumstances Advance to be paid in the same assessment period.

A change of circumstances to any of the following could have the effect of increasing the Universal Credit award amounts:

- housing
- child or children
- partner
- disabled child
- childcare
- carers
- health condition
- loss of earnings (see 'Claimant is no longer working' below)
- claimants recently released from prison who were eligible to be paid housing costs from Universal Credit whilst in prison

A claimant history note must be recorded where an offer for a Change of Circumstances Advance has been made. If a claimant refuses the offer, this must also be recorded in Claimant history.

### **Claimant is no longer working**

When a claimant has reported that they have stopped working they will be able to request a Change of Circumstances Advance in that assessment period.

Agents will be able to offer an Advance of up to £100 to the claimant.

### **Timescale**

A claimant can apply for a Change of Circumstance Advance during any relevant assessment period.

### **Amounts**

The maximum amount of the Advance is 50% of the increase to the claimant's Universal Credit estimated amount.

The claimant must 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 six months.

### **Refusal**

If a decision is made to refuse the claimant an Advance, in no circumstances should this be communicated face to face. The notification to the claimant must be undertaken over the phone or by updating the journal.

### **Recovery**

The claimant must be informed that they have 6 months to repay the Advance (the maximum period). To avoid hardship, the repayment deduction amount will be no more than the equivalent of 25% of the claimant's Universal Credit Standard Allowance.

During the recovery of the Advance, there may be exceptional circumstances (for example, a child going into hospital which results in unexpected regular bus or taxi fares for parents to visit) which means that recovery over 6 months will push the claimant into genuine hardship. In these circumstances, payments can be deferred for up to 1 month. Full recovery must be completed within 7 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.

Where an Advance is requested and at that time a member of the joint claim is an ineligible partner, the ineligible partner has no responsibility for half of the outstanding debt.

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

When a claimant becomes insolvent recovery must be suspended. See Insolvency guidance for more detail.

## **Payment**

Advances are paid by BACS transaction within 3 working days into the account that the claimant is using for their Universal Credit claim.

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 and must be signed off by a team leader (HEO or above), for example - when the claimant does not have enough money to last until the Advance is paid.

Faster Electronic Payments will only be issued Monday to Friday's (excluding Bank holidays) as these are banking days.