

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, unless this risks financial harm to the claimant and/or their family.

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. Help to Claim can support claimants during their first Assessment Period to open a basic bank account or Credit Union account.

Claimants who may struggle with budgeting or debt should be offered money guidance/debt advice and considered for Alternative Payment Arrangements.

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 Helper 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 support from the Money Helper by phone.

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

- missing bill payments
- struggling to sleep due to money worries
- worrying how they will pay for food, goods or services
- stating they have run out of food or are using food banks
- not able to pay their rent
- being in crisis or hardship
- having complex needs
- having money deducted from Universal Credit to pay for things like gas, electric, water, fines
- not having a bank account.

Claimants can use the Debt Advice Locator tool on the Money Helper 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.

A claimant history note must be recorded when a claimant has been signposted for financial support such as Money Helper, Money Manager or an Advance.

If a claimant refuses the offer of financial support, this must also be recorded in 'Claimant history'.

Online Money Manager and how it supports claimants

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 Helper 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 and are repayable.

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. For more information see Advances – Financial Hardship.

Alternative Payment Arrangements

The move to a single monthly household payment is a significant change to the way most benefits are currently paid. Alternative Payment Arrangements (APAs) are available to help claimants who are identified as needing additional support. There are three types of APA available to claimants:

- Managed Payment to Landlord (MPTL), which pays housing costs direct to the landlord.
- More Frequent Payments (MFP), which pays the UC award either weekly or fortnightly.
- Split Payments (SP), which divides payment of an award between partners.

When can Alternative Payment Arrangements be considered?

Alternative Payment Arrangements (APAs) must be considered for those claimants who:

- cannot or may not be able to manage their single monthly payment and as a result are at risk of financial harm
- meet Tier 1 or Tier 2 factors
- previously had their housing costs paid to their landlord as part of their housing benefit claim and meet a Tier 1 or Tier 2 factor when claiming UC
- experience domestic abuse.

APAs can be considered at the start or at any point during the Universal Credit claim. The need may be identified in the Service Centre, Jobcentre or requested by the claimant, their appointee, caseworker or landlord advising of a vulnerability, rent arrears or risk of eviction. All APAs must be reviewed periodically to ensure that they remain in the best interest of the claimant.

See Tier 1 and Tier 2 factors for more triggers that may mean an APA is appropriate.

Social rented sector (SRS) landlords across England, Scotland and Wales with access to the Landlord Portal are considered to be trusted partners. Trusted Partners can request Managed Payment to Landlord APA for their tenants, whenever they identify a need and have it granted without further investigation.

The key factors to consider

Alternative Payment Arrangement (APA) requests are considered on a case by case basis, with the focus on the needs of a claimant and their family.

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 they claim Universal Credit providing they meet a Tier 1 or Tier 2 factor.

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:

- 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?

These are examples and 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 a guide to decide if these arrangements are appropriate to an individual.

All cases are assessed on an individual basis. Details from a third party such as the claimant's appointee, caseworker and landlord should be used to inform the consideration process.

Order of priority

Alternative Payment Arrangements (APAs) are considered in the following order of priority:

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

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, this aims to support those claimants over time in developing their budgeting capability, where appropriate to do so, and at the same time protecting their home.

When can a Managed Payment to a landlord be requested

Managed Payment to Landlord (MPTL) can be made when a claimant meets any Tier 1 or Tier 2 factor.

Underpayment of rent may indicate more serious underlying issues, a MPTL and a referral to money guidance may prevent these problems escalating.

Disclosure of information to landlords

Any Managed Payment to Landlord (MPTL) can be applied to a claim without the need for the explicit consent of the claimant.

Once a MPTL has been set up, the following information can be shared with the landlord:

- that the MPTL has been applied to the claim
- the value of any amount paid to the landlord and the period this covers

We should confirm receipt of a MPTL request to a landlord once it has been received, but can share no further information unless a MPTL is applied.

Once the request has been processed the landlord will be advised of the outcome. If the request is refused, the Department cannot tell the landlord the specific reason why because of data sharing regulations and claimant confidentiality. Instead, a range of potential reasons why a request has been denied will be provided.

See Consent and disclosure information.

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

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

Capped claimants may request an Alternative Payment Arrangement review. In such circumstances any MPTL must be removed, regardless of any Tier 1 or Tier 2 factor.

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 Managed Payment to Landlord to protect 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, such as budgeting purposes in domestic 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, such as 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 childcare. 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 Managed Payment to Landlord 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, this can be when the 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 abuse issues
- cannot or will not budget for their own or their family's basic day to day needs

Making a split payment

The service will not allow a second verification of bank details. These bank details are verified in person by the claimant attending the Jobcentre to ensure that we are paying the right person.

The second set of bank details can then be recorded manually on the claimant's profile page.

Once the first payment is made, the Central Payment System (CPS) will record the account details for the second claimant's National Insurance number. The bank details recorded in the profile must then be obfuscated to the last four numbers of the account and the last two numbers of the sort code.

Appeal against an Alternative Payment Arrangement

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

Reviewing an Alternative Payment Arrangement

Alternative Payment Arrangements (APAs) are reviewed to take account of a claimant's changing circumstances and characteristics. The aim is to ensure that the APA remains in the claimant's best interest. However, those claimants who continue to meet a Tier 1 or Tier 2 factor should continue to be supported by an APA.

The agent will decide on a review period between 3-24 months. 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 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. 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.

Claimants subject to the Benefit Cap may request an APA review to request that any Managed Payment to Landlord (MPTL) is removed. In such circumstances any MPTL must be removed, regardless of any Tier 1 or Tier 2 factor.

Claimants may request that any MPTL is removed if they are in dispute with their landlord because of a disrepair issue and are withholding rent payment. If a claimant provides evidence of a disrepair issue, such as correspondence with the landlord or local authority housing enforcement team, any MPTL should be removed.

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 it is not done automatically.

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

An Alternative Payment Arrangement (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 the claimant cannot choose to have it removed, unless it is a MPTL and the claimant is subject to Benefit Cap or provides evidence of a disrepair dispute with their landlord. Landlords will have the opportunity to apply for an APA under normal procedures.

A landlord cannot request Scottish Choices.

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

If a landlord requests for housing costs to be paid directly to them through a Managed Payment to Landlord APA request, this must take priority over Scottish Choices.

The claimant must satisfy the relevant APA Tier 1 or Tier 2 factors.

If the claimant already has Scottish Choices in place for making direct payments to their landlord, the APA must be imposed and replace the Scottish Choices housing element.

This is because a claimant may choose to end direct payments to their landlord through Scottish Choices at any time. If a claimant who finds it difficult to manage money chooses to do this, they could find themselves:

- in rent arrears
- in/suffering financial hardship
- facing being evicted from their home.

Further sources of advice and information

For more help and information, the claimant can be signposted to: Gov.UK – help with managing your money.