

Advances: Benefit Transfer

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Universal Credit claimants have access to four types of advance:

- 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 that when a claimant moves from an existing benefit and claims Universal Credit, there is likely to be a gap between the final payment of the Legacy benefit and the first monthly payment of Universal Credit. To manage this transition, a claimant migrating from the Legacy benefit will be offered a Benefit Transfer Advance.

Claimants can receive a Benefit Transfer Advance if they have been in receipt of an existing Legacy benefit within 1 calendar month of making a new claim for Universal Credit.

Qualifying benefits include:

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

If a claimant has received a Benefit Transfer Advance and another person joins their claim, the person joining the couple claim will not be eligible for a Benefit Transfer Advance

It is assumed that claimants who make the transition or 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.

If a claimant has transferred to Universal Credit from a qualifying benefit within 1 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.

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

Timescale

A claimant can apply for a Benefit Transfer Advance up to and including the last day of the first assessment period after making a new claim for Universal Credit.

The agent must have a discussion with the claimant to establish the need and affordability of an Advance. This is to prevent them from incurring any unnecessary debt

They must have been in receipt of a qualifying benefit the month prior to them claiming Universal Credit.

For joint claims, only one claimant needs to 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 a claimant is offered an Advance and that it is processed at the first point of contact – usually at the Initial Evidence Interview.

Amounts

The claimant must be informed of the maximum amount they are entitled to. This will be the lower of:

- 360% of their standard allowance
- the equivalent of their maximum Universal Credit award (including additional amounts)
- 24 x 25% of their standard allowance

The maximum amount is the total of the following if applicable:

- any Standard Allowance
- any child or Disabled Child Addition

- any childcare costs
- any Limited Capability for Work or 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 for this money to last until they receive their first Universal Credit payment. If they have already received their full entitlement for a Benefit Transfer Advance, 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, a claimant can appeal against a decision not to award a Benefit Transfer Advance.

However, it is unlikely that 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 recovery period increased from 12 to 24 months for Advances taken in the first assessment period from 12 April 2021. The Advance is recovered over a maximum 24-month period by deductions from a claimant's monthly Universal Credit Standard Allowance. This is in 24 equal instalments starting from the first month's award.

However, the Universal Credit System can't commit to 24 installments of equal amounts as there may be months when the claimant doesn't have enough Universal Credit to cover the instalment (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.

The claimant must be informed that they have 24 months to repay the Advance (the maximum period).

During the recovery of the Advance, exceptional circumstances may occur that were not foreseen when it was taken out (for example, a child going into hospital resulting in unexpected and regular bus or taxi fares for the parents to visit). If these circumstances push the claimant into genuine hardship and result in them having

difficulty repaying the Advance over the agreed recovery time, a maximum 3-month deferral can be considered. Full recovery must be made within 27 months.

Whilst joint claimants have joint liability for an Advance, only the claimant requesting it is required to confirm their partner's agreement 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.

If 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 should be asked to ring the Debt Management phone line. See Debt Management guidance for the phone numbers.

If a claimant become insolvent, recovery must be suspended. See Insolvency guidance for more information.

Recovery from earnings

An Advance can be recovered from earnings if Universal Credit ends. 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. This will occur within 3 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. However, this should only be made in exceptional circumstances and must be signed off by a team leader (HEO or above) - for example, if a claimant doesn't have enough money to last until the Advance is paid.

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