

THE LORD COAKER
MINISTER FOR THE HOUSE OF LORDS

4.4.6.3

02 June 2025

Dear Baroness Goldie,

Thank you for your question concerning the potential impact of the LGBT Financial Recognition Scheme payments on claimants' eligibility for means-tested benefits.

You raised specific concerns of individuals reporting that their benefits had been stopped following the receipt of financial recognition. My Officials have connected Fighting with Pride and DWP and we can confirm that the applicant referred to has had their benefits reinstated.

We wish to clarify that recipients of payments under the LGBT Financial Recognition Scheme should not experience any reduction or loss of their means-tested benefits due to these payments. The Department for Work and Pensions (DWP) has introduced an indefinite capital disregard for these payments, ensuring they are excluded from the calculation of means-tested benefits such as Universal Credit, Income Support, Housing Benefit, and others.

The Government has taken clear and deliberate steps to ensure that these payments are:

1. Fully exempt from income tax, as per the Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme (Income Tax Exemption) Regulations 2025 (SI 2025/12); and
2. Disregarded for the purposes of means-tested benefits, under the Social Security (Income and Capital Disregards) (Amendment) Regulations 2025 (SI 2025/44).

To ensure their benefits are correctly assessed, claimants are advised to inform the DWP upon receiving a payment and to retain their Financial Recognition Scheme decision or determination letters. These documents may be requested by the DWP to verify the source of the funds and to apply the appropriate disregards. We have liaised with the Department for Work and Pensions (DWP) to ensure effective communication within the department regarding the scheme.

We are committed to ensuring that all eligible individuals receive the recognition they deserve without adverse effects on their existing benefits. Should any



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claimant believe their benefits have been incorrectly affected, they are encouraged to contact the DWP directly for resolution.

I am placing a copy of this letter in the Library.

Yours sincerely,

Vernon Coaker

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