

Advances – change of circumstances: Guidance

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Advances

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 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.

If a claimant from a joint claim asks for an advance, both parties must consent to the advance request and recovery terms.

If a claimant from a joint claim has an appointee, the appointee is responsible for the advance request and recovery terms.

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

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

Claimant is no longer working

When a claimant reports 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 up to and including the last day of any relevant assessment period.

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.

Amounts

The maximum advance amount will be the lower of:

- 50% of the expected increase in award caused by the change of circumstances
- 6 x 25% of the expected Standard Allowance
- 6 x 25% of the Standard Allowance minus other expected advance repayments and / or expected sanctions or fraud penalty deduction for that assessment period

Multiple changes of circumstance in the same assessment period

The maximum advance amount is 50% of the relative expected increase in award above the expected increase caused by the previous change of circumstance.

Example

Claimant's current monthly award is £600.

The claimant reports a change of circumstance that is expected to increase their award by **£100** per month (so £700 in total). The claimant can apply for a maximum change of circumstance advance of **£50** (50% of the expected increase).

The claimant reports a second change of circumstance in the same assessment period that is expected to increase their award by a further **£200** per month (so £900 in total). The claimant can apply for a maximum change of circumstance advance for the second change of **£100** (50% of the expected increase).

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 6 months.

Refusal

If an appointee does not want an advance to be given to the claimant, this must not be issued.

If a decision is made to refuse an advance to the claimant, 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 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.

Joint claimants have joint liability for a Change of Circumstances Advance and both claimants must confirm their 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. The ineligible partner will remain responsible for half of any joint advances issued before the decision of ineligibility was made.

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.

If 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 when the claimant does not have enough money to last until the advance is paid.

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