

Deductions from Universal Credit

Barriers to challenging the overpayment decisions and requesting hardship measures

Presented by Jagna Olejniczak

Background

- Max 25% or “last resort deductions” ;
- 45% of households on UC have a deduction in place (2.25 million);
- Average deduction is £61;
- Almost half of people referred to foodbanks are indebted to the DWP (Trussell Trust).

Types of deductions

- 1 Advance Payments
- 2 Tax Credits Overpayments
- 3 UC Overpayments
- 4 Third Party deductions
- 5 Recoverable Hardship payments repayments

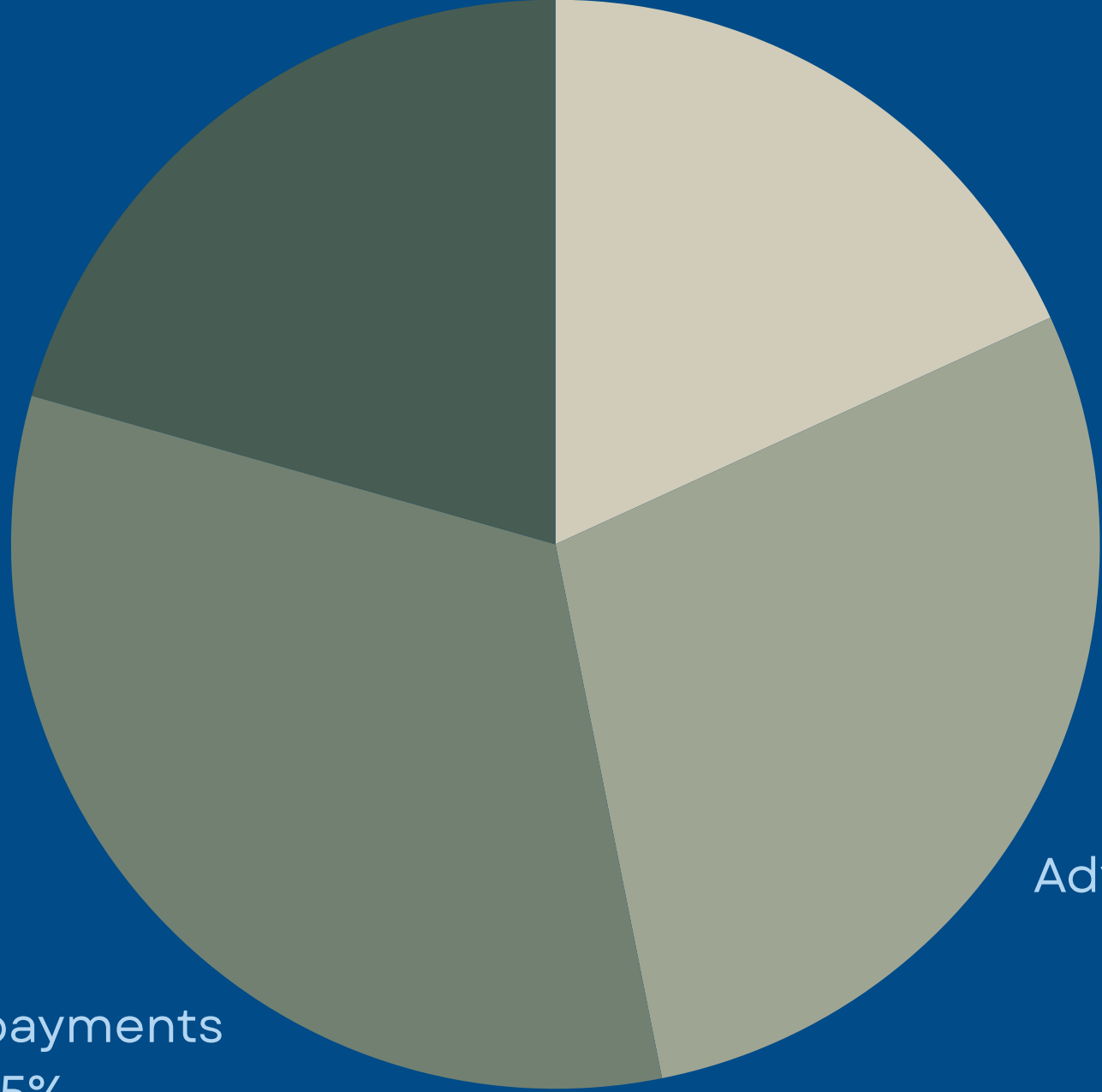
Deductions from Universal Credit by the value of debt

In the financial year 2021/22 the value of third-party debt “related to” UC claim was £619.66 million, whereas the value of advance payments, UC and tax credit overpayments was £978.60 million, £1109.61 million and £702.68 million respectively

Source: [FOIA Request](#) made on 23rd March 2023

Tax Credit Overpayments
20.6%

Third Party Deductions
18.2%



UC Overpayments
32.5%

Advance Payments
28.7%

Welfare Reform Act 2012

“(1) The Secretary of State may recover any amount of the following paid in excess of entitlement–

(a) universal credit,

(b) jobseeker's allowance,

(c) employment and support allowance, (...)”

New s.71ZB inserted into the Social Security Administration Act 1992

Cf. previous position: “Where it is determined that, whether fraudulently or otherwise, any person has misrepresented, or failed to disclose, any material fact (...) the SoS shall be entitled to recover the amount of any payment which he would not have made or any sum which he would have received but for the misrepresentation or failure to disclose.”

2. In 2020-21, around 75% of new overpayments handled by the Debt Management were classed as Official Error (see this [FOIA request](#)).

Deductions Research – aims and methodology

Aims:

- a) identifying the barriers (both practical and behavioural) that claimants face when trying to access:
 - hardship measures relevant to deductions for benefit overpayments (reductions in rate of recovery, suspension and waivers)
 - mandatory reconsideration and appeal of the original decisions leading to the overpayments being deducted,
- b) whether claimants with disabilities and health conditions (in particular mental health conditions) experience additional or exacerbated barriers to accessing the above, and

Methodology: Quantitative survey of 500 UC claimants, qualitative interviews with UC Claimants and welfare advisors (so far, 7 interviews and 2 focus groups), FOIA Requests & literature review.

Key findings from the research



Confusion over rights and remedies

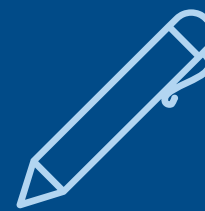


Limited information given to UC Claimants



Behavioural barriers:

- stress, discomfort, lack of support/confidence
- fear of being judged, taken seriously, making the situation worse



Administrative barriers:

- high evidential burden placed on claimants seeking waivers
- lack of training amongst staff



Impact: destitution & mental health problems exacerbation

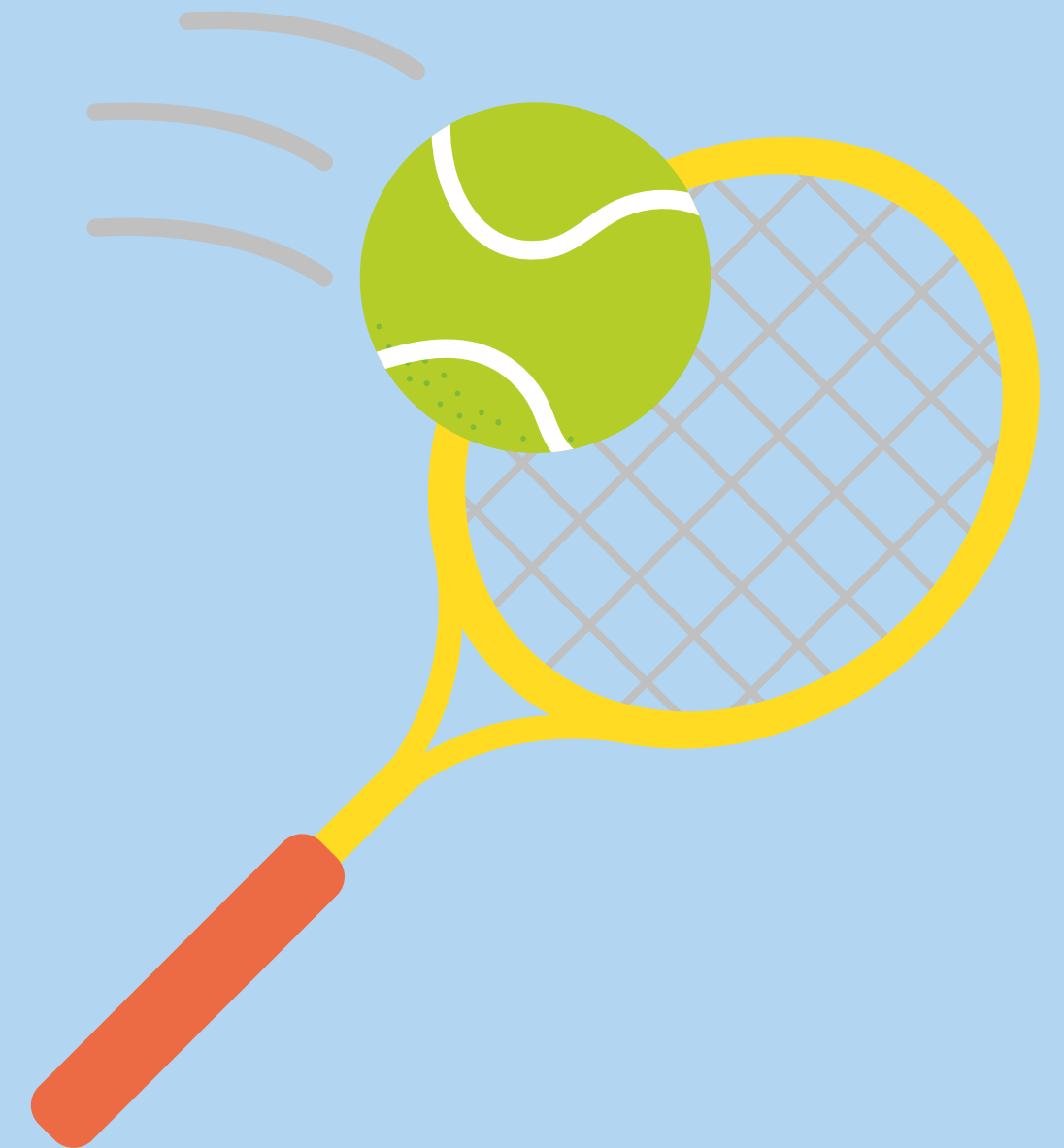
Automatic approach to recovery - a 'ruthless clawback machine'

- *“The policy intent is to uphold the maximum rate of deduction. However, the debtor claims hardship as detailed in the main body of this guide, a reduced repayment rate can be considered.” - [BORG, Appendix 2](#)*
- The process is “largely automated” with ‘the majority of deductions inserted automatically’. Human agents only intervene following claimants’ getting in touch.
- Lack of assessment of individual circumstances.
- Contrary to policy intentions? *“the DWP do not have to recover money from people where Official Error has been made, and we do not intend, in many cases, to [do so]” - [Chris Grayling](#), Thursday 19 May 2011*

A fragmented system

'...you end up in this strange tennis match where you're being battered around from one department to the other'

- Different routes for challenging an overpayment decision and requesting hardship measures;
- Difficulties contacting debt management (can only be contacted via phone);
- Lack of signposting and assistance;
- Quality and scope of support highly dependent on an individual agent;
- Difficulties accessing support through UC Journal and Jobcentres;
- Being sent from one department to another.



Year	Waiver Requests Recorded by the DWP	Full Waivers granted	Partial Waivers Granted
2019	39	Not Provided	Not Provided
2020	49	7	0
2021	102	6	Not provided
2022	187	18	8
First three months of 2023	40	6	Not provided

source: [FOIA request](#) made on 23rd March 2023

Availability of waiver

Main reasons based on our findings:

- Lack of awareness
- No consistent process and timeframes for determining a waiver, coupled with deficiencies in staff training.
- Disproportionately high evidential burden on the claimant.
- Restrictive interpretation of the guidance

Given the customer's longstanding physical health problems it is not clear that the actual recovery of the overpayment is the only cause of his mental health problems, or that it is exacerbating these issues. In the absence of any specific evidence to explain what exact detrimental effect the actual recovery of the overpayment is having the waiver request is refused at this time.

Information about deductions

- Not receiving information about the deduction
- Receiving unclear information about the deduction

“if it just says ‘DWP debt’ or ‘DWP benefit overpayment’, people often have no idea”

“I don’t understand, personally myself, I don’t know whether other people struggle with it, but when you get your payment and...you see all these things with the numbers and everything and the deductions, and you’re like why? Why is that being deducted? [It] doesn’t explain why”

Debts and loan repayments

Other DWP benefits recovery - £78.86

Read more information about Universal Credit payments, including who to contact on the GOV.UK website. Search for 'find out about money taken off your Universal Credit payments'.

Total deductions	- £1,067.51
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Your total payment for this month is	£271.30
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Behavioural barriers to challenging deductions

Reluctance to seek help and challenge deductions:

- Fear of retaliation
- Pride
- Skepticism about the effectiveness of the system
- Previous interactions with the benefits system
- Lack of confidence

Disability related barriers - engaging with the system might be made difficult/impossible with an underlying health condition (such as chronic fatigue or depression) and neurodivergence.

'I'm reluctant to [further pursue a waiver request] because of the impact it's going to have on my health, and at the end of the day, if I do it, there's still no guarantee that they're gonna say yes, we accept it, so I could put in an awful lot of effort, put myself under an awful lot of stress, have my health off, all for nothing.'

Impact of deductions

33%

Became destitute as a result of the deduction

55%

Reported negative impact on their household budget

43%

Said it caused deterioration in their mental health

“they should give [you an] income and expenditure form just to see if you...are able to afford to pay back because in my circumstances, I couldn't pay even a penny back at that time to be honest”

“there's certain bills that we don't pay, so they can mount up and mount up”

Impact on claimants with disabilities and health conditions

- Claimants with physical and mental health conditions and neurodivergent claimants were more likely to experience those negative impacts.
- 60% of respondents with disabilities reported a negative impact of deductions on their mental health, compared to 32% of those without disabilities.
- extra costs related to disability

“it’s cruel...when you work all your life and there is a time when you’re going through the hardest time of your life and [the DWP starts taking deductions for a historic tax credit overpayment]. It’s really disappointing”

“[she] couldn’t pay for food, all her bills. She was really at that critical point where she should be recovering from a kidney transplant, quite a significant health issue, to the point where she couldn’t care for herself”

Thank you!

Any questions - feel free to contact me
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