

9. Managing Overpayments & Deductions

There is a chance that you'll experience overpayments and deductions from your Universal Credit claim. In our experience, this is quite common, so it's something you should be aware of. If it happens to you, it could potentially cause financial difficulty.

In this section we highlight the main reasons why overpayments and deductions occur, and recommend some ways to manage them and keep your claim running smoothly.

Video transcript

“What I wish I'd known about debt deductions”

“Signing on to Universal Credit after finishing a temporary job was meant to be a stepping stone to tide me over. Till I got a new job. That was before I got my first payment with zero It was only when I rang after five weeks wait to find out why I never received anything to be told I had a tax credit overpayment from years previously, and it was taken out of the UC straight away This was something I didn't know. And by then, I couldn't make a change for that payment.

So I had to go nine weeks without a penny leaving me almost destitute in a lot of debt.

I think knowing this I would've possibly rang tax credits to see if I had any overpayments on my final statement. And if anything had to be owed, I could be prepared for what that would mean to my payments.

Some advice from Rachel Jeffers, Welfare Rights Advisor, Law Centre N.I.

As an adviser, I'm beginning to see more and more people being impacted by deductions from their Universal Credit award. It can be really difficult to figure out what it is that you should do, especially if the

deduction is for an overpayment that has happened such a long time ago.

We heard some really good advice in that example about contacting HMRC or DFC or DWP to see if you do have any debt attached to any of your social security accounts. However, there are some other top tips that I would like to share with you.

The first one is there is a maximum number of debts that can be taken from your Universal Credit at any one time This currently stands at three. There is also a maximum amount that can be deducted from your Universal Credit award at any time. This is around percent of the standard allowance. So for most people, it's going to be in and around pounds a month

One of the key things to clarify with a deduction is why you have a deduction being taken from your Universal Credit award. If it's for a benefit overpayment, it's really important to clarify when the decision was made in relation to that overpayment, if it was within the last months, it may be possible to challenge that decision. So you may be able to engage with a mandatory reconsideration and appeal process That is really important, because you may be able to actually show, firstly, there is no repayment because you are entitled to that money, or secondly, you'll be able to check the amount of the overpayment.

However, if your decision is made outside that month window, your options are a lot more limited. You should certainly contact debt management and ask that the amount of the deduction be brought down. And you can also ask for a three month deferral. A three month deferral is quite rare, but it does mean that no deductions will be taken from your Universal Credit award for three months and you will have a bit of breathing space.

A really good avenue to explore is the discretionary waiver, a discretionary waiver is a written application to debt management, asking that the overpayment no longer be recovered. A discretionary waiver does have to be based on one of two grounds either financial grounds showing that you have no money to possibly pay back the overpayment, or secondly, on health grounds, where you can show that

the continued recovery of the overpayment is going to have a detrimental impact on either your health or the health of a family member. Not a lot of people know about the discretionary waiver, but it is really worth speaking with an adviser and exploring if that option could apply to you. If you do want to know a little bit more information about the discretionary waiver, Law Centre NI has a really helpful briefing on our website. The briefing takes you through the law in a lot more detail, but in a really accessible way and also provides you with a template letter that you can use to make your own request for discretionary waiver.

You can also contact an advice agency such as Law Centre NI to speak with one of their dedicated social security advisers to get further advice and support with this.”

Link to video: <https://vimeo.com/613453334>

If you are not sure if you have any 'historic overpayments' get support to find out

[Overpayments and Deductions](#)

[Financial support for overpayments and deductions](#)

[Rent arrears caused by UC mistakes and delays](#)

Overpayments and Deductions

Overpayments

An overpayment is when you are paid either a benefit you are not entitled to, or more benefit than you are entitled to.

- Overpayments tend to happen because you have given incorrect information, you have not told the Department something it needed to know, or a mistake was made with your payment.

- The Department can recover all overpayments of UC, no matter who caused the overpayment.
 - The details of your overpayment, such as the reason why you have been overpaid and the period of time you were overpaid for, will be explained on your overpayment letter.
 - This could also appear as a notification on your UC online account. This may be the first time you are made aware that an overpayment has been made.
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Deductions for other debts

Debt deductions are made when a benefit claimant has arrears of essential household outgoings (like rent, rates or energy bills). Money can be deducted from your Universal Credit payment and paid directly to the service provider. This is called a ‘third party deduction’.

- Deductions can also be taken from earnings after your UC claim ends.
 - You can contact Debt Management and ask for the deductions to be reduced if you do not have enough UC to live on.
 - If you are claiming in Northern Ireland, you can find contact details for Debt Management here: [Debt Management](#)
 - If you are claiming in England, Scotland or Wales, you can find contact details for Debt Management here: [DWP Debt Management customer service standards](#)
 - If you have any concerns contact an independent advice agency for support.
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IMPORTANT: There are limits on what can be deducted from your UC payment

- The total amount of deductions due to overpayment will not normally exceed 25% of your standard allowance and any child amount, although there can be exceptions to this.

- Up to 25% of your standard allowance can be deducted to repay a UC advance payment. The repayment period depends on what type of advance is being repaid.
 - Each third party deduction is set at five per cent of your UC standard allowance. No more than three third party deductions may be made at a time.
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Financial support for overpayments and deductions

- If an overpayment is not your fault, in exceptional circumstances the Department for Communities or DWP has discretion to waive recovery of all or part of an overpayment. Information on waivers can be found here: [Overpayments of benefits and financial support](#) (Northern Ireland); [Write-off and waiver](#) (Great Britain)
- A waiver must be requested in writing and should outline how the recovery of the overpaid amount would be detrimental to your health or the health of someone in your household. A template letter can be found here: [Overpayments in social security and the discretionary waiver](#)
- You will normally need to provide evidence of the impact recovery of an overpayment is having on you, for example a letter from a professional such as a GP, consultant, psychiatric nurse or support worker. It is advisable to contact an independent advice agency.
- There is no right of appeal against a decision not to grant a discretionary waiver.
- You can ask for a 'financial hardship decision'. This will be granted if it is decided you do not have enough money to live on because of deductions from UC payments and this is causing financial hardship. You would have to show that this hardship has been long standing, is not expected to improve in the near future and is so severe that it is not reasonable to expect you to make even reduced repayments.

- If your deductions are reduced, the new reduced deductions will apply from the start of your next Universal Credit assessment period.
- If your financial situation changes in the future and you can afford to pay more towards your overpayment, your deductions will go back up to the normal amount.

Rent arrears caused by UC mistakes and delays

- Issues with UC could result in delays in the payment of Housing Costs Element.
- Universal Credit does not tell landlords when a tenant makes a claim, but will contact the landlord to get their bank details so housing cost payments can be made directly to the landlord. If landlords do not want to provide this information by phone, they can do so by [requesting a direct payment to be set up](#).
- In England and Wales, the UC housing costs payment normally goes to the claimant, who then has to pay their landlord. People in Scotland can choose which payment method they want for housing costs.
- You could lose your home if you don't pay your rent. If your landlord is a social landlord or a housing association, they will have to follow the proper procedure before this happens. Part of this procedure is to work with you to try to sort out the problem.
- Your landlord can take you to court to evict you if you owe rent but before they do this, they must try to sort out the debt in other ways.
- There is a Pre Action Protocol for rent arrears. This means that the court won't hear the case unless your landlord has followed certain steps. A social landlord (NI Housing Executive/Local Authority) or a housing association should not try to evict you if your rent arrears have been caused by a delay in a benefits application.
- It's really important to get advice and assistance to resolve rent arrears as soon as possible. You can access advice from advice agencies like Housing Rights or your housing officer may be able to refer you to



independent advice. Very often, an agreement can be reached to save your home. The earlier you get in touch the easier this will be.

If you are a private tenant

- Not all the same protections exist for Private Tenants. However, your landlord still has to follow the proper process before seeking to evict you for rent arrears.
- It is especially important to seek advice and assistance as quickly as possible if you are a private tenant.
- An advice agency may be able to assist in resolving the issues with your UC application. They can also help you to negotiate a rent repayment with your landlord or assist with access to mediation between you and your landlord. This could help you to save your tenancy.

“Make sure you communicate with your landlord regularly to double check your rent has been paid”

UC:Us Team

Access more of our info sheets

This document is part of a series of info sheets that have been produced from content hosted on ucus.org.uk/ucguide. There are a number of guides in the series you can visit them here or view the guide in its original web form:

Download all the guides here!

[Helping you understand our guide](#)

[UC Lessons from Lived Experiences](#)

Key lessons our group have learnt from their lived experiences. Includes our “Talking Universal Credit: What I wish I’d known” videos

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[Before you apply](#)

Highlights key things that you need to know before making a claim for UC.

[How to make an application](#)

A checklist with all the information you need to have ready to make a claim online for Universal Credit.

[How to understand the UC elements](#)

Sets out all the different elements of Universal Credit to help you to understand more about the benefit.

[Where to get extra financial support](#)

Places where you may be able to seek financial help in addition to your UC claim.

[How to use the online journal](#)

Here we highlight some of the key do's and don'ts when using your online journal, which should help things run smoothly.

[How to challenge a decision](#)

A step by step guide to appealing decisions and lodging complaints along with details of help available.

[Managing Overpayments & Deductions](#)

Information on the reasons why overpayments and deductions occur and some options to manage them.

[Crisis support](#)

Find out support available for people living on a low income who are undergoing difficult circumstances.

[Want to change things?](#)

A quick run through of ideas for trying to change things and ways you can get involved.

[Important contacts](#)

Contacts for a number of free, independent advice agencies who can provide advice and assistance, free of charge.

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The Universal Credit Guide is a core output from a research collaboration between UC:Us participants, the universities of York and Ulster, Housing Rights and Law Centre NI. The research was funded by ESRC. Although it has not been involved in the production of this claimants' guide, UC:Us would also like to thank the Joseph Rowntree Foundation for funding the initial participatory research project that brought us together and for supporting our engagement with policymakers.

