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Ms Daphne Hall
Vice Chair, NAWRA
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Our Ref: TO2019/22210

27 June 2019

Dear Ms Hall

Thank you for your letter of 12 June to the Secretary of State about Universal Credit. Government Ministers receive a large volume of correspondence and they are unable to reply personally on every occasion. I have been asked to respond.

Universal Credit new claim and benefit transfer advances provide access to a payment for those in financial need, ensuring no one has to be left without means of financial support.

The Department takes any suspicious activity very seriously, especially when it has the potential to impact our vulnerable claimants. We investigate any instances of fraudulent activity quickly and look to establish the facts, raising awareness of this issue by communicating quickly with our front line staff and colleagues, who understand the risks and raise concerns as appropriate through referrals to Fraud colleagues. All of these approaches form part of our commitment to continually refine our processes to ensure the service is both accessible and secure for those who require it. Anyone who believes they have been targeted can get in touch with Action Fraud on 0300 123 2040 and we will look into their concerns.


Moving onto the subject of deductions in Universal Credit, I wish to make it clear that the deductions policy is designed to protect vulnerable claimants, ensuring arrears for essential services are repaid and supporting claimants to meet their financial obligations. I should also highlight that, where recovery action is causing significant hardship, the Department can defer the repayment of advances and lower or temporarily suspend the recovery action of benefit overpayments.

The aim of the deductions policy in Universal Credit is to protect vulnerable claimants by providing a last resort repayment method for arrears of essential services. The policy also enables social obligations to be enforced when other repayment methods have failed, or are not cost effective, and ensures that benefit debt is recovered.

I am sure you can appreciate that the Department also has a legal obligation to ensure public funds are protected and administered responsibly, and the deductions policy ensures we are able to recover outstanding benefit debt in a cost effective manner.

We are, however, always open to constructive feedback on the system and as you will know, we plan to reduce the maximum recovery rate for deductions from 40 per cent of the standard allowance to 30 per cent from October this year. In actuality, deductions in Universal Credit, with the exception of repayments for rent arrears, are no higher than they were in the legacy system and with the impending fall in the recovery rate to 30 per cent will eventually be lower than the benefits it replaces. This improvement comes alongside other positive changes we are making, including benefit run-ons, an extension to the repayment period of advances and the financial advice on offer from the Money and Pensions Service. This will allow claimants to more easily manage their finances while on Universal Credit.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert Watling', with a horizontal line underneath.

Robert Watling
Head of the Ministerial Correspondence Team