

DWP Central Freedom of Information Team

e-mail: [freedom-of-information-request@dwp.gsi.gov.uk](mailto:freedom-of-information-request@dwp.gsi.gov.uk)

Our Ref: Fol 3933

DATE: 19 October 2017

Dear Glenys Harriman,

Thank you for your Freedom of Information request of 21<sup>st</sup> September 2017. You asked:

*Reg 72(3) of the Universal Credit regs 2013 states:*

*" Where a person's capital is treated as yielding income, any actual income derived from that capital, for example rental, interest or dividends, is to be treated as part of the person's capital from the day it is due to be paid to the person."*

*This can mean, for someone renting out a property, what is taken to be their capital rising rapidly - so that they could swiftly be over the £16,000 limit. But is there any account taken of necessary expenses eg maintenance and repairs, insurance etc? I could see no reference to this in the regulations.*

The Universal Credit Regulations 2013 make it clear that all capital which is not disregarded is taken into account in the assessment of Universal Credit and what expenses are taken into account in valuing that capital. Our Advice for Decision Makers guide is also publicly available and provides more information. You may be interested in the chapters on the treatment of capital:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/618960/admh1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/618960/admh1.pdf)  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/620328/admh2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/620328/admh2.pdf)

You should note that Freedom of Information legislation does not oblige us to provide advice on legislation but we have provided an answer in this case.

Where Universal Credit claimants own a property which they do not live in, the value of the property is treated as capital for the purposes of Universal Credit. The value of the property is assessed at the market value of the property less any encumbrances on the property, e.g. mortgages or loans secured against that property, and an amount to cover the costs of selling the property.

Any rental income from the property will be treated as part of a claimant's capital from the day it is due to be paid. Expenses incurred in renting out the property would not be an encumbrance on the property and would not be taken into account when assessing the value of the claimant's capital.

The usual capital rules for Universal Credit are then applied. Households who have capital of over £16,000 are not usually entitled to Universal Credit. People with capital between £6,000 and £16,000 will have their Universal Credit reduced by an assumed income of £4.35 per month for each £250 or part of £250 of capital they have over £6,000. Capital below £6,000 is disregarded.

While it is important to encourage saving, it has never been thought right for valuable assets or substantial amounts of capital to be ignored altogether when deciding entitlement to welfare support. It is reasonable that there should be a limit to the amount of savings and the value of assets that claimants can hold whilst still claiming welfare support.

The £16,000 upper capital limit strikes a balance between protecting less well-off people and protecting the taxpayer, whilst at the same time recognising the conscientious efforts of people who have built up capital. This limit ensures that the help which comes from taxpayers, many of whom are themselves on low incomes and have limited capital, is directed to people who need it most.

Yours sincerely,

DWP Strategy Fol Team

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**Your right to complain under the Freedom of Information Act**

If you are not happy with this response you may request an internal review by e-mailing [freedom-of-information-request@dwp.gsi.gov.uk](mailto:freedom-of-information-request@dwp.gsi.gov.uk) or by writing to DWP, Central Fol Team, Caxton House, Tothill Street, SW1H 9NA. Any review request should be submitted within two months of the date of this letter.

If you are not content with the outcome of the internal review you may apply directly to the Information Commissioner's Office for a decision. Generally the Commissioner cannot make a decision unless you have exhausted our own complaints procedure. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow Cheshire SK9 5AF [www.ico.gov.uk](http://www.ico.gov.uk)