

HOUSING SYSTEMS: BRIEFING

03/2015

Universal Credit & Couples

Key Points

Careful advice needs to be given to ensure couples are aware of how the Universal Credit system works, so they don't miss out on the benefit they are entitled to and don't run into difficulties paying their bills and rent.

There are some key differences to the way Universal Credit works for couples compared to the legacy benefit system it is replacing:

- the way Universal Credit is paid,
 - both members having to sign a claimant commitment,
 - in the majority of cases both having work search requirements
- being just some of the differences.

There are also additional financial implications that need to be considered when two single claimants (one or both being on Universal Credit) become a couple, and when couples on Universal Credit separate. This is because of the way Universal Credit works ie being awarded in monthly 'chunks'.

Points to Note:

- The Universal Credit payment is one lump sum paid into the one account nominated by the claimant/s – this could be an account held in one partner's sole name.
- When a Universal Credit claimant takes on a partner who is not on Universal Credit there can be resulting legacy benefit overpayments that can impact on their first Universal Credit payment as a couple and/or on their on-going UC payments.
- When two single Universal Credit claimants become a couple they can choose which monthly assessment period continues, with resulting 'better off' implications.
- When a couple on Universal Credit separate, the first to notify the DWP will need to make a new claim for Universal Credit, and, as this starts a new assessment period there could be a long gap between their last and next Universal Credit payment.
- The claimant who notifies first will need to ensure that their new claim is backpaid to ensure they receive their full entitlement. There is a particular issue at the moment if this claimant does not meet the current Universal Credit 'gateway criteria'.

Please note this summary sheet is not applicable to those claiming Universal Credit under the 'Digital Service' ie claimed when living in parts of Sutton or Croydon.

Introduction

Apart from in the original pathfinder areas and the North West, you have to be single to currently claim Universal Credit (assuming you 'pass' the long list of 'Gateway Conditions'- see website for more details).

But once on Universal Credit a claimant can take on a partner – and in the majority of cases the Universal Credit award will continue, but based on the couple's circumstances.

Note: A couple for Universal Credit purposes means two people who are married to, or civil partners of, each other, and are members of the same household – or who are not married/in a civil partnership but live together as if they were married/in a civil partnership.

Particular issues for couples on Universal Credit

Payments of Universal Credit

Universal Credit is paid into the one account nominated by the claimant/s.

When making a claim as a couple, the couple will choose which account the Universal Credit is paid into. If this is not a joint account it means that one member of the couple will receive the whole of the Universal Credit award – this could include help with the rent (even though they may not be the tenant) and support for any children (even though they may not be a birth parent).

Where there is domestic or financial abuse, one member of the couple can request that the Universal Credit payment be split between their partner and themselves under the Alternative Payment Arrangement system. This could, however, make an already difficult situation even worse.

Where a single Universal Credit claimant becomes a couple with a non-Universal Credit partner, Universal Credit payments will already be set up into the single claimant's account. These payments will continue (although now based on the couple's circumstances) unless the couple request otherwise.

Claimant Commitment

Both members of a couple must agree and sign a claimant commitment. This outlines what job searches they are each required to do and what responsibilities they have eg reporting changes in circumstances within set time frames.

Failure to sign the commitment by either or both will mean no Universal Credit.

Failure to stick to the commitment will incur a sanction ie the Universal Credit amount being reduced for a period of time (see website for more information).

Conditionality

Each member of the couple will have their own work search requirements based on their circumstances – these will be outlined in their claimant commitment.

Under Universal Credit more claimants have to look for work – and unless the couple have earnings above a set level it is likely that one or both of them will need to be looking for work 35 hours a week. This will include: the partner of someone who is unfit for work, the partner of a carer of a severely disabled person/child, both partners where there are children in the household all over the age of five (although if there is a child age between five and 13 one partner will be able to limit the hours of work search they are required to do) – see website for more information.

Failure by either member to undertake the work search required of them will incur a sanction ie Universal Credit amount being reduced for a period of time (see website for more information).

Would entitlement to Universal Credit ever end because a single claimant takes on a partner?

A single claimant's award of Universal Credit will be brought to an end if -

- Their new partner is getting Pension Credit (and note that if their new partner is within 3 months of becoming Pension Credit age they should be given the option of claiming Pension Credit instead).
- As a couple they now fail the basic conditions of claiming Universal Credit - eg having savings over £16,000.
- The new partner is in situation that DWP cannot yet deal with - this might be for example: having no recourse to public funds, in full time education, or being aged under 18.

NOTE: If the Universal Credit claimant moves in with a partner who is living in 'specified accommodation' then the Universal Credit award should continue but without a housing cost element - instead they will receive Housing Benefit to help them pay their rent.

What happens when one member dies?

The surviving partner should report this through the DWP Bereavement Service (so they only have to report it once).

Their award will be reassessed from the beginning of the monthly assessment period (see below) in which their partner died to remove any income in respect of their partner.

They will be entitled to a 'death run-on' which means their maximum Universal Credit amount is not reduced due to the death of their partner for the monthly assessment period in which their partner died, nor for the two following monthly assessment periods.

Monthly Assessment Periods (MAPs) are crucial to any advice you give

Universal Credit is assessed every month – at the end of the claimant/s' monthly assessment period or MAP. The date of the initial claim dictates when the monthly assessment period begins and ends (see website for more details).

The claimant/s' circumstances on that assessment date and their assessable income during that month (see website for more details) dictate how much Universal Credit they are entitled to for that monthly assessment period (although there are some exceptions to this general rule).

The monthly assessment period is in effect the block of time during which the award stays the same.

Universal Credit helpline

Currently all changes in circumstances need to be reported to the Universal Credit helpline - 0345 6000 723. Lines are open 8am–6pm Monday – Friday.

Calls are charged at local call rates from landlines but can cost up to 40p a minute from some mobile networks.

Customers can ask the DWP to call them back - which could be up to 3 hours later (or longer!).

When the DWP do call back, this will show as a 'withheld' number. Do not expect the DWP to try to call back more than twice.

What happens when a single claimant on UC takes on a partner who is also on UC?

The Universal Credit claimants must report this change straight away to the DWP helpline - failure to do so could result in an overpayment, the possibility of a £50 penalty and could be seen as fraud.

Their individual Universal Credit awards will be brought to an end from the beginning of the Monthly Assessment Period (MAP) in which they became a couple.

They will not have to make a new claim for Universal Credit as they will 'adopt' one of the existing assessment cycles – in the majority of cases they will be financially better off if they 'adopt' whichever claim is next due to be paid. But it would be a good idea for them to get a 'better off' calculation done before making this decision if possible.

They need to think about which bank / post office account etc that it's best to have this payment made into and they may need to re-schedule when they pay their bills, debts etc, including any direct debits or standing orders.

Because of the way monthly assessment periods work the first payment due at the end of the monthly assessment period in which they become a couple will be paid as if they'd been a couple for the whole of that monthly assessment period, based on any Universal Credit assessable income either had during that monthly assessment period and their maximum Universal Credit amount as a couple. Help with the rent in their 'adopted' claim – the Housing Costs Element – will be based on the accommodation that the couple are now living in.

Where the 'joining' member has moved out of rented accommodation, because their UC claim as a single person has been brought to an end from the beginning of MAP in which they became a couple, no help with this rent will be given even if they did not move out until after the date the claim ended. The timing of their move/giving notice is therefore crucial to minimise any former tenant arrears. Note: unlike in Housing Benefit there is no Universal Credit awarded when the tenant moves home and is unavoidably liable for rent (see website for more details)

If the 'joining' member has any on-going deductions being made from their Universal Credit - eg repaying a hardship payment, a sanction, repaying an Advance, third party deductions for council tax etc – then these will be applied to the 'couple claim' where possible and may impact on any deductions already in place for the 'existing' partner depending on amounts/priorities.

See Example in Appendix A

What happens when a single person on UC becomes a couple with a non UC claimant?

The Universal Credit claimant will need to report this change in their circumstances to the DWP via the Universal Credit helpline - failure to do so could mean that they do not receive the Universal Credit that are they entitled to. They will need to provide the DWP with details of their partner ie name, date of birth, income etc.

The joining partner will need to agree and sign their own Universal Credit claimant commitment – if they do not, the whole Universal Credit award will be terminated. The existing Universal Credit claimant may need to have their commitment altered in view of any new responsibilities.

The new award will be based on the couples' new circumstances.

Any entitlement that the joining partner had to Income-Based JSA, Income-Related ESA, Income Support, or Tax Credits will end from the day before the start of the monthly assessment period in which they joined the Universal Credit claim (see below for what happens to any Housing Benefit award).

Any IB-JSA, IR-ESA or IS paid to the joining member in respect of the monthly assessment period in which they join the Universal Credit claim will be treated as income and reduce £1 for £1 the award of Universal Credit to the new couple for that month.

Any Child or Working Tax Credit paid in respect of the monthly assessment period in which they join the Universal Credit claim will be an overpayment and HMRC will want to recover it – perhaps from on-going payments of Universal Credit to the couple.

Where the Universal Credit claimant is moving in with a non-Universal Credit claimant who is getting Housing Benefit, then the help they receive with the rent will come from Universal Credit – not Housing Benefit - for the monthly assessment period in which they move in together. This may mean that the non-Universal Credit claimant has been overpaid Housing Benefit. Any Housing Benefit paid in respect of the same period that the Universal Credit covers will be an overpayment: the LA cannot recover it directly from the claimant but the DWP can recover it in one lump sum from the couple's Universal Credit if notified of the overpayment by the LA.

Where the non-Universal Credit claimant who is getting Housing Benefit for their current address is moving in with the Universal Credit claimant, then any Housing Benefit paid for the address where they are living is correctly paid up to the Monday after they move out.

The 'joining' member should look to see if they are now entitled to any passport benefits eg free prescriptions/ school meals.

If the 'joining' member has any on-going deductions being made from an award of IB-JSA, IR-ESA, or IS - eg a sanction, social fund loan, third party deductions for council tax etc – then these will be applied to the 'couple claim' where possible and so may impact on any deductions already in place for the 'existing' partner depending on amounts/priorities.

See Example in Appendix B

What happens when a couple on Universal Credit separate?

The Universal Credit claimants must report this change straight away to the DWP helpline - failure to do so could result in an overpayment, the possibility of a £50 penalty and could be seen as fraud.

The couple's award of Universal Credit will be brought to an end from the beginning of the monthly assessment period in which they separate.

The first member of the couple to report the split to the DWP (must be reported via the helpline) has to make a new claim for Universal Credit. They should also report the change in their circumstances to the Council Tax Support section – or make a new claim for Council Tax Support if not previously entitled.

This will start a whole new monthly assessment period and they will need to wait a calendar month and 7 days until they receive their first payment (separating couples who have been on Universal Credit are excluded from the 7 'waiting days'). This payment will be based on their circumstances as a single claimant for the whole of that monthly assessment period. If they cannot wait this long for a payment they can ask for a new claim advance.

For those who have to make a new claim for Universal Credit but who 'fail' the current Gateway Criteria (see website for more details) the current regulations, as written, leave them unable to claim Universal Credit but also unable to claim Housing Benefit – so the advice is to push for a Universal Credit claim to be accepted – they may need help with this.

They must also ensure that their new claim is backdated to the day their previous award as a couple ended – limited to one month – as otherwise there will be a period of time when they would not have been entitled to Universal Credit via a couple claim or as a single person. They can use our standard letter UC CP1 – see website.

The member who fails to notify, or is second to notify, of the separation will not need to make a new claim for Universal Credit – and will continue on the same monthly assessment period, but with the award adjusted to take account of their circumstances as a single person.

Any deductions that were being made from their couple claim for Universal Credit can continue to be made. Where this is in relation to just one of them such as a sanction, or a debt one of them had such as council tax arrears – then the deduction should be made from that claimant's new award. Where the deduction is a joint one for instance where an Advance Payment is awarded to a couple, then it looks like it will be up to the DWP to decide who this deduction continues to be recovered from.

See Example in Appendix C

Appendix A: Example- Single claimant on UC takes on a partner who is also on UC

John has been on Universal Credit as a single person for the past 6 months. His monthly assessment period runs from 5th of one month to 4th of the next – so he gets his Universal Credit assessed on 4th of the month and his payment 7 days later ie on 11th of the month. He is working full time ie 35 hours a week.

Lucy has been on Universal Credit for over 12 months. Her monthly assessment period runs from 20th of one month to 19th of the next – so she gets her Universal Credit assessed on 19th of the month and her payment 7 days later ie on 26th of the month. She isn't working and is a jobseeker.

On 12th September Lucy moves in with John and they both notify the DWP of this change in their circumstances. John's award for Universal Credit as a single person stops from 5th September ie the beginning of the monthly assessment period for his claim in which he became a member of a couple, and Lucy's award for Universal Credit as a single person stops from 20th August, ie the beginning of the monthly assessment period for her claim in which she became a member of a couple.

They do not need to make a new claim for Universal Credit (the UC Regulations allow them to be treated as making a new claim) and are offered to choose which monthly assessment period they would like to continue with – John's or Lucy's. They decide to continue with Lucy's – as they work out that they will not need to wait as long for their next payment, ie only until 26th September rather than 11th October had they gone for John's monthly assessment period.

The payment they receive on 26th September is based on their circumstances as a couple and covers the period 20th August to 19th September. The assessment made on 19th September will include a couple standard allowance, a housing costs element based on John's rent for the full month (and any other elements they may be entitled to). It will also be based on both their incomes for the period 20th August to 19th September. (The Universal Credit payment that John received on 11th September appears to be disregarded under the Universal Credit Regulations when working out their entitlement for this period – Universal Credit is not listed as an income that needs to be taken into account as unearned income).

When they report the change in their circumstances and the couple claim is set up they ask for payments to be made into John's bank account – they decide that as it was his tenancy and the UC will include help with his rent this was the better option whilst they think about getting a joint account.

As the payment will be made on a different date to previously, they look at all of John's direct debits and standing orders and ensure they will be met by rescheduling a couple of the payment dates. In addition Lucy moves a couple of her direct debits over to John's bank account otherwise they would be returned and she could incur bank charges (for her phone and a catalogue).

Lucy's Universal Credit award as a single person was being reduced to repay a Budgeting Advance she had received in May – these deductions will continue to be made from hers and John's entitlement to Universal Credit as a couple.

As John works full time and has earnings above the level at which any job search would be required of her, Lucy requests that her claimant commitment be altered as she no longer needs to look for work 35 hours a week. Had she failed to negotiate a new commitment and then failed to stick to her existing claimant commitment, hers and John's UC award would be sanctioned.

Lucy was living in rented accommodation as a tenant herself up to 11th September, but because her award as a single person came to an end from 20th August and she is no longer living in the property, she will not receive any help with the rent on her former rented property for the period 20th August to the end of her tenancy. This will leave her with former tenant arrears that she will be liable to pay. (Note: a landlord cannot get a third party deduction from Universal Credit for arrears on a former property).

Appendix B: Example- Single claimant on UC takes on a partner who is not on UC

Leon has been on Universal Credit as a single person for the past 10 months. His monthly assessment period runs from 12th of one month to 11th of the next – so he gets his Universal Credit assessed on 11th of the month and his payment 7 days later ie on 18th of the month. He isn't working and is a jobseeker.

Sonia is a single parent with two children aged 7 and 3. She currently claims Income Support, Child Tax Credit, Child Benefit, Housing Benefit and Council Tax Support.

On 27th October Leon moves in with Sonia and notifies the DWP of the change in his circumstances providing details of Sonia his new partner, and his new address and rent details.

The DWP will notify the Income Support Section, Local Authority and HMRC about the need to end Sonia's entitlement to Income Support, Housing Benefit and Child Tax Credit from 11th October this is the date from which she will be included in Leon's claim for Universal Credit ie the beginning of the monthly assessment period of Leon's claim in which they became a couple. Her Child Benefit will continue unaffected. Her Council Tax Support will need to be re-assessed based on her new circumstances – it will no longer be a 'passported' claim due to her Income Support stopping and she will probably be required to complete a Council Tax Support claim form so that the Local Authority have all the information they need to process her claim.

Sonia goes into the Job Centre to agree and sign a claimant commitment – because she has a child aged 3 - she will need to attend the occasional interview at the Job Centre for now. She is not happy about this but the Job Centre told her that if she didn't sign she and Leon would get no money.

When Leon's entitlement to Universal Credit is assessed on 11th November it will be based on his and Sonia's circumstances, ie a couple with two children living in Sonia's rented property for the whole of the monthly assessment period 12th October – 11th November. Because Sonia received a payment of Income Support on 20th October the DWP will take as unearned income any Income Support paid in respect of the period from 12th-20th October and will reduce their award £1 for £1 for the monthly assessment period in which it was paid - ie Leon and Sonia's first Universal Credit payment will be reduced by about £94.

If Sonia received any Child Tax Credit in respect of any period after 12th October this will be an overpayment and HMRC can apply to the DWP to have this recovered from Leon and Sonia's ongoing Universal Credit payments.

Any Housing Benefit paid in respect of any period after 12th October will be an overpayment as from that date the help with Sonia's rent is coming through Universal Credit. The Housing Benefit Office cannot recover this directly from Sonia, but if they are quick enough they can request that the DWP recover it in full from the first payment of Universal Credit paid to Leon and Sonia as a couple - ie the same monthly assessment period to which the overpayment relates. Failing that, they can apply to the DWP to have this recovered from Leon and Sonia's ongoing Universal Credit payments.

As Sonia is joining Leon's claim for Universal Credit the UC payments will continue to be made as before ie into the account nominated by Leon. Leon will receive the lump sum payment of Universal Credit for the whole family unit including help with Sonia's rent. Sonia did suggest that it could be paid into her post office account but Leon was happy for the payments to continue to be paid to him and he has set up a standing order for the rent.

Sonia was having Third Party Deductions made from her Income Support due to rent arrears - these should transfer over to the Universal Credit claim – but at the higher amount allowed under UC.

Sonia's Housing Benefit award was being reduced due to a HB overpayment. These deductions will stop and the HB Office will have to apply for deductions from Leon and Sonia's on-going entitled to Universal Credit (or send an invoice to the landlord to see if they will pay it!).

Appendix C: Example- Couple on Universal Credit separate

Tahir and Raheema have been on Universal Credit for 3 months. Their monthly assessment period runs from 22nd of one month to 21st of the next, with their Universal Credit payment being made on 28th of the month. Neither of them are working and both have been looking for work in line with their claimant commitments.

They live in a one bedroom social housing flat and receive help with their rent through Universal Credit.

They have been having relationship problems for a while and decide to split up. Tahir moves out on 4th June.

On 6th June Raheema notifies the DWP of the split. Their award as a couple is brought to an end from 22nd May – the beginning of the monthly assessment period in which they separate.

As the first to report the split, Raheema makes a new claim for Universal Credit. This starts a new monthly assessment period for her of 6th of one month to 5th of the next, meaning her payments will be made on 12th of the month with her first payment due based on her as a single person being 12th July.

Under Universal Credit Regulations the DWP should automatically backdate her claim (for up to a month) to the date the couple award ended (but Raheema should also request this to be on the safe side). So she should be entitled to Universal Credit (and the help she is entitled to to pay her rent) from 22nd May – 5th June.

As the Universal Credit payments were being made into Tahir's account, she has to open an account of her own. She has to get in touch with all the utility companies, council tax etc to ensure that all bill payments, direct debits, standing orders and so on can still be made from this new account; and she has to adjust a couple of the payment dates to coincide with her new Universal Credit payment date.

As she cannot wait for her first Universal Credit payment – there will be a gap between the last payment they received as a couple on 28th May and her first payment as a single person on 12th July - she requests an Advance Payment. She has to convince the nice lady on the DWP helpline that she is not going to manage and needs as much of an Advance Payment as she is allowed. The DWP agree to make her an Advance Payment of 50% of her likely new Universal Credit award amount. The DWP advise her that this is a loan that will be recovered over 6 months from her future Universal Credit payments.

Tahir does not need to notify the DWP of the split – the DWP will contact him to verify his new circumstances. His claim continues as long as he provides the DWP with all the information they require but, when assessed on 21st June will be based on him being a single person and on whatever accommodation he is living in as at 21st June.