

Universal Credit (UC)

All overpayments of UC, New Style JSA and New Style ESA are recoverable. However, you can ask for a **reconsideration**, then **appeal**, if you think the amount is wrong or the decision leading to the overpayment is wrong.

Overpayments are recovered from your Universal Credit at either (a) the **standard rate**, (b) the **higher rate**. The monthly amounts are shown here:

	(a)	(b)
Single under 25	£43.83	£73.03
Single 25 and over	£55.31	£92.19
Couple under 25	£68.78	£114.63
Couple, 25 or over	£86.82	£144.71

If you get UC and have **no earned income**, the most that can be taken off your UC for overpayments is the **standard rate**.

If you get UC and have **some earned income** as well, the maximum that can be deducted from your UC for overpayments is the **higher rate**.

If the DWP decide your overpayment was **caused by fraud**, the maximum amount deducted from your UC is the **higher rate**.

You must be left with **at least one penny** of UC each month after the deductions.



Your **New Style JSA** or **New Style ESA** can be cut by **no more than 40%** to recover an overpayment. If you get **extra components** (support component or work-related activity component for older claims) with your ESA, **these should not be cut**.

Get money advice if you are struggling to manage.

Civil Penalties

The DWP can add a **civil penalty** to a benefit overpayment of more than £65 if it was caused by:

- making an **incorrect statement**, or
- negligently giving **incorrect information**, and
- not taking **reasonable steps** to correct the error.

If you think it is unfair to add a civil penalty, you can **ask for a reconsideration** and appeal the decision.

For more information go to www.citizensadvice.org.uk or contact our **Citizens Advice Helpline: 0800 144 88 48**



Potteries Gold is a **Citizens Advice Staffordshire North & Stoke-on-Trent** project to help people in Stoke-on-Trent cope with changes to the benefit system www.snsCab.org.uk/about-us/potteries-gold
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Benefit Overpayments

Universal Credit and Tax Credits

Disputes and Appeals No. 2



What is an Overpayment?

If you get paid more in benefits or tax credits than the law says you are entitled to, you have been overpaid. Overpayments can happen due to mistakes you make or due to official error by the DWP, Council or HMRC Tax Credit Office. They can also happen due to benefit fraud.

Recoverable Overpayments

If the law says an overpayment is recoverable, it means you have to pay the money back if the DWP, Council or Tax Credit Office tell you to.

All Universal Credit and Tax Credit overpayments are recoverable.

Overpayments of **New Style JSA** and **New Style ESA** are also recoverable.

It does not matter if you didn't know you were being overpaid.



Even if you were overpaid because the DWP or HMRC made a mistake, the law says you must pay back overpayments of these benefits and tax credits if told to do so.

The rules are different for other benefits. We have a separate leaflet about your rights if you have been overpaid disability benefits or 'legacy' means-tested benefits like Income Support and Housing Benefit.

Reconsiderations and Appeals

Even if an overpayment is recoverable, you still have the right to challenge the amount being taken back from you if you think it is too high, and you can challenge the decision which led to the overpayment if you believe it is wrong.

You have one calendar month from the date of the decision to ask the office that made the decision to look at it again - this is often called a mandatory reconsideration. If the decision isn't changed as you hoped, you have one calendar month from the date of the reconsideration decision to appeal to an independent tribunal.

Get advice before you challenge an overpayment decision, but make sure you don't miss your deadline. The amount you owe might be revised up if the benefit office decide the overpayment started earlier or you owe more.

Example

HMRC say Joanne has a **Child Tax Credit overpayment** of £560, because her 16 year-old son left school this year.

Because this is a **tax credit overpayment**, Joanne cannot challenge the decision to recover it. But she can challenge the amount if she thinks the calculation is wrong.

If her son has gone to college, Joanne might argue that she is eligible for the same CTC as before and hasn't been overpaid at all.

Child Tax Credit and Working Tax Credit

HMRC usually recover tax credit overpayments by reducing your future payments.

If you get maximum tax credit, you should not have to pay back an overpayment at more than 10% of your award per month. You may have to pay more if your income is higher.

If you come off tax credits, HMRC can adjust your tax code to collect payments if you are in work, or you might be asked to pay back the debt in instalments from other income.

Although all Tax Credit overpayments are recoverable, HMRC can decide not to recover the money in some cases. They usually write off overpayments that occurred due to official error, as long as you have followed the rules.

They can also remit overpayments - which means postpone recovery - if recovering them would cause hardship. Ask us for more advice about this.

If you move from tax credits onto Universal Credit (UC), HMRC pass any tax credit overpayment to the DWP, who then recover it as a UC overpayment.

If you then come off UC, any outstanding debt is then owed to the DWP, not HMRC.

