

Carer's Allowance overpayments

Carers UK's report and recommendations

July 2024



Acknowledgements



We are grateful to the Lloyds Bank Foundation for England and Wales for providing a grant to Carers UK to work to address the issue of overpayments on Carer's Allowance and the earnings threshold. The three year project will be looking at systems and processes around claiming Carer's Allowance that could be improved. It also aims to improve carers' and professionals knowledge of overpayments and the earnings limit to address issues earlier.

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Foreword

The scandal of overpayments shocked many people this spring when it was widely reported in the media, yet it has been going on for some time. Many unpaid carers have been unwittingly building up huge debts, often as a result of going over the earnings limit for Carer's Allowance by as little as a few pence per week. As a result, they lost all of their allowance and owed the Department for Work and Pensions, hundreds, thousands and sometimes tens of thousands of pounds. The huge overpayment debts were not built up overnight – in these cases it took the Department for Work and Pensions years to inform the carer that their earnings were over the limit.

The situation has been all the more shocking against the backdrop of financial struggles and poverty that unpaid carers face. Unpaid carers are often living in low-income households and have extra costs to meet as a result of their caring roles. They also make a huge contribution to society through their work, both collectively and individually.

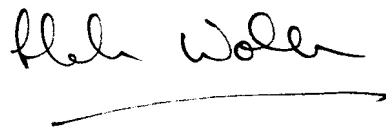
The cliff edge on earnings and the complexity of the benefit rules mean that carers can unwittingly go over the limit and quickly build up substantial debts that must be repaid to the Department for Work and Pensions, even from very small changes in their earnings.

Carers UK called for a number of fundamental changes to the Department over five years ago and there were more key recommendations when the Work and Pensions Select Committee and the National Audit Office first looked at the issue. Little has changed since then. All the recommendations taken together could help to reduce the size and volume of overpayments as well as improve the financial security and remove barriers to staying in paid work for unpaid carers.

However, reform and review of Carer's Allowance also needs to be wider. The rate of poverty of those claiming Carer's Allowance has doubled in the past decade. This highlights the unmet needs of unpaid carers and their inability to survive on the current provisions within the social security system.

In the run-up to and during the General Election, senior politicians who now make up the Government, have said that tackling this issue will be a priority. We are providing widespread evidence of the devastating impact this is having on thousands of carers' lives. The new Government should also take this opportunity to consider the recommendations quickly as part of a full wider review into Carer's Allowance, its eligibility criteria as well as processes and make concrete changes that unpaid carers so desperately need.

Carers UK will continue to campaign on this issue, bringing carers' voices and experiences directly to decision makers and officials.



Helen Walker
Chief Executive, Carers UK

Introduction

Carer's Allowance is the main benefit paid to carers who are unable to work full time because of their caring responsibilities. To be eligible for the benefit, they must be providing at least 35 hours of care per week to a person who also receives a qualifying benefit due to their disability.¹ The weekly rate of Carer's Allowance is £81.90 and the earnings limit is £151 per week in 2024/25.

Unpaid carers in receipt of Carer's Allowance are responsible for notifying the Department for Work and Pensions (DWP) Carer's Allowance Unit of any relevant changes to their circumstances that would affect their entitlement to the benefit. If carers do not notify the Carer's Allowance Unit in DWP of these changes and they are paid Carer's Allowance when they are not entitled to it, they must repay this 'overpayment'.

Overpayments in relation to earnings are often caused by carers not understanding the rules around the earnings limit. Carers in paid employment who are in receipt of Carer's Allowance must not earn more than £151 per week (2024/25) after deductions and going over this amount by even a few pence means that they lose all of their Carer's Allowance entitlement. In other words, if a carer goes even 50p over the limit, the carer does not repay 50p, but must repay the full amount - £81.90 per week.

Although the DWP receives regular alerts from HMRC telling them who has gone over the earnings limit, carers are not notified if they have exceeded the earnings threshold. This means that if carers have not noticed an increase in their pay, they can be faced with significant overpayments.

The National Audit Office (NAO) conducted an [Investigation into overpayments of Carer's Allowance](#) in 2019 while the Work and Pensions Select Committee had an inquiry into [Overpayments of Carer's Allowance](#) in the same year and published a report with recommendations for the Department for Work and Pensions. Since then, the number and value of overpayments that the Department is seeking to recover has gone up, resulting in financial hardship for many unpaid carers.

Together, the value of carers' support is worth a staggering £162 billion per year², yet many carers are struggling financially. The rate of poverty for those in receipt of Carer's Allowance has doubled in a decade³ and unpaid carers are increasingly struggling to make ends meet as well as being able to meet basic costs, such as food and energy.⁴

Action is urgently required to prevent carers from experiencing the financial hardship and ill-health that repaying overpayments can cause. It is the length of time and therefore the large size of the overpayments that make the debts particularly difficult to repay. Carers UK has been campaigning for changes to be made to Carer's Allowance since 2018 and was part of the original work with the Select Committee and the NAO. We have repeatedly raised overpayments with the DWP.

Our recommendations have included a rise in the earnings limit for Carer's Allowance, for debts to be written off in certain cases, and for clearer information and communication with carers.

¹ [Carer's Allowance: Eligibility - GOV.UK \(www.gov.uk\)](#)

² <https://www.carersuk.org/reports/valuing-carers-research-report/>

³ Joseph Rowntree Foundation, UK Poverty 2023: The essential guide to understanding poverty in the UK, 2023.

⁴ Carers UK, State of Caring 2023 report on finances, 2023.

Key facts

- As of November 2023, there were over **991,000 people in receipt of Carers Allowance**.⁵
- As of 14 May 2024, there are **134,800 people with an outstanding Carer's Allowance debt – a total value of £251m**.⁵
- In 2023/24 there were **34,500 overpayments as a result of carers breaching the earnings limit**.⁶ Around 70% of all overpayments are due to the earnings limit.⁷
- Women make up the majority of Carer's Allowance claims, and this is reflected in the proportion of those with an outstanding Carer's Allowance debt. As of 14th May 2024, there were 42,800 (32%) males, **91,900 (68%) females** and 100 (less than 1%) not identified, with an outstanding Carer's Allowance debt.⁵
- The NAO report found that **few overpayments are proven fraud**: the number of people the DWP referred for prosecution fell from 1,176 in 2014-15 to 483 people in 2018-19. The report also found that some overpayments are caused by mistakes within the DWP.⁸
- It can take carers several years to repay their debts. The NAO report in April 2019 found that carers on benefits with an overpayment of £20,000 could be repaying the debt for **the next 34 years**.⁹



⁵ <https://questions-statements.parliament.uk/written-questions/detail/2024-05-13/25730>

⁶ <https://questions-statements.parliament.uk/written-questions/detail/2024-04-12/21074>

⁷ <https://questions-statements.parliament.uk/written-questions/detail/2024-04-24/23453/>

⁸ <https://members.parliament.uk/member/3930/writtenquestions?page=2#expand-1713528>

⁹ <https://www.nao.org.uk/wp-content/uploads/2019/04/Investigation-into-overpayments-of-Carers-Allowance.pdf>

Summary

This research focuses on the way in which the earnings threshold for Carer's Allowance operates, and how carers interact with the DWP when claiming Carer's Allowance. As part of this project, Carers UK launched a survey in April 2024 about carers' experiences of overpayments.

- **138 carers responded to Carers UK to say that they had experienced an overpayment.** 121 of those carers provided further information, which has helped us to demonstrate the breadth of experience in this report. Carers UK also ran a focus group with six carers in April, and has conducted a number of additional in-depth interviews, to gain a better understanding of processes around the earnings limit for those who are receiving Carer's Allowance alongside having some earnings.
- Carers reported receiving **overpayments of between £150 and £20,000**, with the **average overpayment debt being £4,000**.
- The research found that the reasons why carers went over the earnings limit are varied, including:
 - » **Fluctuating earnings**, such as working on zero hours contracts, doing shift work with variable hours, or being self-employed.
 - » **Working extra minutes or hours**, such as covering for absent colleagues, or working slightly over a shift while waiting to be relieved by a colleague.
 - » **Receiving a pay rise or minimum wage increase**, as the National Living Wage has risen faster than the earnings limit in the past five years.
 - » **Being paid extra during one month**, such as receiving holiday pay, getting an end of year bonus, or being paid for attending a training course.
 - » **Errors made by employers.** Several carers said that their employer had not paid them correctly, or paid them late.
- Four unpaid carers told Carers UK that they received overpayments as a result of earnings being **over the limit by less than £1 a week**, sometimes by just a few pence.
- **The impact of the earnings limit was seen by carers as a barrier to paid work.** Many carers said that the Carer's Allowance earnings limit affected their employment situation: they cut back on hours or gave up work completely.
- News of overpayments often came as **a shock to carers, had caused them financial difficulties and had a negative impact on carers' mental health.**
- Many carers reported that it took **years to pay back the debt and many were still in the process of paying it back.** Some had left employment due to the stress, strain and fear of having another overpayment only to be living on a reduced income as well as having to pay off the overpayment debt. For others, Carer's Allowance was stopped without warning causing them severe financial difficulties. This is on top of significant unpaid caring responsibilities for older, ill or disabled relatives.
- The amounts of money being paid back every week and the routes of payback differed between carers, **often being taken out of other benefits they are receiving.** One carer's disability-related Personal Independence Payment was being reduced by around £200 every month.
- When asked what changes to Carer's Allowance would help them to juggle work and care more easily, the most common response was raising the earnings limit. **75% of carers said that raising the earnings limit to at least 21 hours and pegging it to the National Living Wage would be helpful.**

- Carers also raised a number of issues when interacting with DWP, including:

- » **DWP not acting on information provided by carers.** Carers also reported receiving fines despite informing DWP in good time about changed circumstances, but an overpayment being made due to delayed processes within DWP. One carer received a fine despite informing DWP in good time and this fine was taken from her wages without her consent.
- » **DWP not sharing information automatically between different departments** – in some cases, carers said they had notified one part of the DWP but the information had not been passed on to the Carer's Allowance Unit.
- » **Delays and difficulties in trying to notify the Carers Allowance Unit (CAU).** For those trying to notify the Carer's Allowance Unit, they reported long delays in getting through, advisers within the CAU who were not always knowledgeable.

Recent parliamentary question answers and publications have shown that:

- **The number of unpaid carers affected has grown between 2019 and 2024**, from 80,000 to nearly 135,000 carers with an overpayment. The value that DWP are seeking to recover has also increased from £150m in 2019¹⁰ to £251m.¹¹
- **Only around half of all potential overpayments flagged by the DWP's system are investigated.**¹² Carers are not notified unless there has been an investigation by DWP. This practice is likely to have contributed to the large size of some of the overpayments, which built up over several years.
- In May 2024, the **Work and Pensions Committee said that since its 2019 report, "The Government has not made progress to limit the impact of overpayments on unpaid carers"**. In particular, not enough progress has been made to ensure adequate staffing within the Carer's Allowance Unit, to automate alerts between the Universal Credit and Carer's Allowance units and to reconsider whether it was worth pursuing individual cases of overpayments given their impact on the lives of unpaid carers and the people they care for. Furthermore, the Committee urged DWP to bring in an alert system to let carers know when they might have had an overpayment without delay.
- Following the media attention that overpayments received in Spring 2024, DWP said it was, "Exploring the use of targeted text messages or emails to alert claimants and encourage them to contact the Department when the DWP is made aware of a potential overpayment."

¹⁰ <https://www.nao.org.uk/wp-content/uploads/2019/04/Investigation-into-overpayments-of-Carers-Allowance.pdf>

¹¹ <https://questions-statements.parliament.uk/written-questions/detail/2024-05-13/25730>

¹² <https://questions-statements.parliament.uk/written-questions/detail/2024-04-24/23456>

Background

Why do carers have overpayments?

Unpaid carers in the UK are eligible for Carer's Allowance if they look after someone for 35 hours or more a week, do not earn more than £151 per week after deductions, are aged 16 and over, not in full time education, and the person they care for receives a qualifying disability benefit. Only one person can claim Carer's Allowance even if multiple people care for the same person and only one rate of Carer's Allowance is paid regardless of how many people someone cares for.

Carers in receipt of Carer's Allowance are responsible for notifying the Carer's Allowance Unit specifically, which is part of the DWP, of any relevant changes to their circumstances that would affect their entitlement. This might be a new job, new earnings or a new pattern of work. It might also include breaks in caring. If carers do not notify the Carer's Allowance Unit specifically of these changes, and Carer's Allowance continues to be paid when they are not entitled to it, this is then called an 'overpayment' by the DWP and the claimant in question is required to pay back the full amount.

The main reason for an overpayment is earnings over the Carer's Allowance limit, making up over two thirds (70%) of cases.¹⁴ The earnings threshold is set at £151 (2024/25) per week after deduction of tax, 50% of pension contributions and other allowable expenses. If the carer is even a few pence over this limit, they lose 100% of their Carer's Allowance which is currently £81.90 per week in England, Wales, Northern Ireland and Scotland. In Scotland, carers who are in receipt of Carer's Allowance (or the new Carer Support Payment which is replacing the benefit for carers in Scotland) get a Carer's Allowance Supplement, paid twice a year with each payment worth £231.30.

Social Security Scotland deliver Carer's Allowance Supplement and say that if a carer is overpaid they will not be asked for the Supplement back unless it is a large overpayment. However, carers are subject to the same rules when it comes to Carer's Allowance, which continues to be administered by the DWP. Carer's Allowance in Scotland is in the process of being reformed. A new benefit, Carer Support Payment, which is currently available to new claimants in some areas of Scotland will be rolled out across Scotland and by Spring 2025 all carers in Scotland currently in receipt of Carer's Allowance will move over to Carer Support Payment delivered by Social Security Scotland. More information: [Carer's Allowance changes in Scotland](#) and [Carer's Allowance Supplement](#).

What has changed in the past five years?

The National Living Wage has risen faster than the earnings limit, thereby reducing carers' ability to participate in paid work alongside their caring role. This also means that with every National Living Wage increase in recent years carers have had to make an active decision to reduce their working hours or to leave paid work altogether. Over the last five years, the number of hours carers have been able to work earning the National Living Wage, while also receiving Carer's Allowance, has shrunk from just under 15 hours a week in 2019 to just over 13 hours and 12 minutes from April 2024.¹⁵

¹⁴ <https://questions-statements.parliament.uk/written-questions/detail/2024-04-24/23453/>

¹⁵ <https://www.carersuk.org/press-releases/unpaid-carers-in-employment-forced-to-reduce-their-working-hours-for-the-fifth-consecutive-year-as-carer-poverty-coalition-publishes-its-demands-of-government/>

In 2019, the Work and Pensions Select Committee inquiry into overpayments of Carer's Allowance found that "administrative failings" by the DWP had led to substantial overpayments.¹⁶ A National Audit Office (NAO) report in 2019 found that DWP staffing levels in the past were not adequate to deal with overpayments quickly enough.¹⁷ Two-thirds of carers with earnings-related overpayments of more than £2,500 could have had been notified sooner if the DWP had had sufficient staff in place. More recently, DWP stated in a response to a Parliamentary Question that only around half of the number of overpayments flagged by the Verified Earning and Pension (VEP) system had been reviewed by the DWP.¹⁸

Although the DWP receives regular alerts from HMRC telling them who has gone over the earnings limit, carers are not notified if they have exceeded the earnings threshold. This means that if carers have received Carer's Allowance when they haven't been entitled to it for many months or even years, they are faced with significant overpayments debts.

In May 2024, the DWP published a strategy document about tackling fraud in the welfare system.¹⁹ In this, the DWP said that it is progressing "an enhanced notification strategy" as part of its existing commitment to improve customer engagement. This strategy will consider ways of notifying carers at risk of overpayments, such as sending targeted text messages or emails to alert claimants and encourage them to contact the DWP about potential overpayments. However, no timeline has been provided for this work.

During the NAO investigation in 2019, the DWP acknowledged that they needed to improve communication with carers to increase their understanding of the eligibility rules. Furthermore, NAO concluded that the Department does not know how these repayments affect carers or the disabled person they care for. DWP subsequently commissioned research in 2021 about carers' experiences of claiming and receiving Carer's Allowance.²⁰ This research was not published until 2024 but contains very useful insights. Very few claimants involved in the research had received an overpayment, but those who had were not always able to explain how or why and some described a negative experience with the DWP.

In 2024, the Work and Pensions Committee held two oral evidence sessions on Carer's Allowance. In May 2024, the Work and Pensions Committee said that since its 2019 report "the Government has not made progress to limit the impact of overpayments on unpaid carers".²¹ In particular, not enough progress has been made to ensure adequate staffing within the Carer's Allowance Unit, to automate alerts between the Universal Credit and Carer's Allowance units and to reconsider whether it was worth pursuing individual cases of overpayments given their impact on the lives of unpaid carers and the people they care for. Furthermore, the Committee recommended that "DWP must undertake work to improve how it identifies and communicates overpayments with claimants... without delay and without a lengthy process of trials."

The Committee also recommended more widely for Carer's Allowance that Government must ensure that carers do not experience financial difficulties as a result of their caring role and "should determine a benchmark for Carer's Allowance which relates to living costs". Alongside this the Committee also recommended that "the earnings limit in Carer's Allowance be pegged to a number of hours work at the National Living Wage."²²

16 <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/1772/1772.pdf>

17 <https://www.nao.org.uk/reports/investigation-into-overpayments-of-carers-allowance/>

18 <https://questions-statements.parliament.uk/written-questions/detail/2024-04-24/23456>

19 <https://www.gov.uk/government/publications/fighting-fraud-in-the-welfare-system/fighting-fraud-in-the-welfare-system-going-further>

20 <https://assets.publishing.service.gov.uk/media/66448280ae748c43d3793b86/experiences-of-claiming-and-receiving-ca-research-report-final.pdf>

21 <https://committees.parliament.uk/publications/44797/documents/222470/default/>

22 <https://committees.parliament.uk/publications/44797/documents/222470/default/>

Evidence from carers

This research focuses on the way in which the earnings threshold for Carer's Allowance operates, and how carers interact with the DWP when claiming Carer's Allowance. As part of this project, Carers UK put a call out in April 2024 to gather carers' experiences of overpayments.

138 carers told us that they had had an overpayment. 121 of those carers provided further information about their experiences, which provides the basis for this report.

Of those who provided information, carers reported receiving overpayments of between £150 and £20,000, with the average overpayment debt being £4,000.

* The case studies used throughout this report were agreed with carers and all their names have been changed.

Key themes from carer's experiences

1. Many carers did not understand the rules around the earnings limit

When a carer's earnings are irregular, DWP takes the decision on how these should be averaged and if there is no pattern, these are generally averaged over a five week period. Many carers said they had not understood the rules around the earnings limit. Many had thought that their earnings would be averaged over the year, while others hadn't understood what deductions were permitted in relation to expenses and/or pensions.

“I don't think I really understood at the time how it worked. I thought there might be an averaging system.”

“I didn't know I needed to contact the DWP. I felt that as long as they know where I'm working and for how many hours, they know what my earnings are...”

“I get very tired and stressed and didn't understand [the rules].”

“I didn't understand the earnings calculation formula.”

Case study - Hilary*

Hilary cares for her son. After she gave up work to support her son who was often in hospital, she received royalties for some content she had written. Although she was paid royalties every six months, the DWP considered this as monthly earnings, which put her over the threshold. Hilary felt “trapped and so desperate” when she was fined by the DWP. She had trouble sleeping and felt tearful. She had to pay back over £1,000 which made her feel “so punished”. DWP also stopped the allowance without warning, which made it difficult to manage financially, and cover costs such as parking fees at the hospital. Hilary tried to appeal this, but DWP increased the fine, and it took her nearly three years to pay it back. Hilary said that trying to negotiate with the DWP was “horrific” and “all so anonymous – I spoke to so many people.” She said there is a “cruelty” written into the system that “kind of rubs you out as a person...you are so vulnerable on that kind of land...their systems are so labyrinthine you don't know how to navigate them. It shouldn't be this difficult”. Hilary thinks the DWP should act quicker to notify people of overpayments, and provide more support to carers.

2. The reasons why carers had gone over the earnings limit varied

There were several different reasons why carers had gone over the earnings limit. The main reasons were:

- **Fluctuating earnings**, such as working on zero hours contracts, doing shift work with variable hours, or being self-employed.
- **Working extra minutes or hours**, such as covering for absent colleagues, or working slightly over a shift while waiting to be relieved by a colleague.
- **Receiving a pay rise or minimum wage increase**, as the National Living Wage has risen faster than the earnings limit for Carer's Allowance in the past five years, forcing carers to proactively reduce their hours at work every year in order to stay within the limit.
- **Being paid extra during one calendar month**, such as receiving holiday pay, back-dated pay, getting an end of year bonus, or being paid for attending a training course.
- **Having lump sums paid, because pay awards might come later in the year and are backdated**, means that carers can go over the earnings limit. Because workers won't know the outcome of pay rises in advance if pay rises are part of negotiation in the workplace, carers cannot adjust their hours or predict whether they will keep or lose Carer's Allowance.
- **Errors made by employers**. Several carers said that their employer had not paid them correctly, or paid them late.

Some carers had only exceeded the limit by a few pounds or pence so didn't think there would be a problem, while others hadn't even noticed there had been a change to their pay. Some carers said it was difficult to keep track of earnings, particularly when they were so busy caring. Four carers responding to Carers UK reported being over the earnings limit by less than £1 for the times they received an overpayment.

“... not easy to keep track [of earnings] when you have a pay rise.”

“There's enough pressure as carers to deal with everyday caring let alone having these sort of things we have to find out for ourselves.”

“It genuinely slipped my mind.”

“You're not just caring for a person, you're doing all the finances, you're probably doing the gardening and the cleaning and everything else that comes with running a house and the last thing you're thinking about it 'oh did I earn too much this week?'”

Case study - Henry*

Henry cares for his wife. He went over the earnings threshold within the last few years and had an overpayment of £11,000. When Henry got a new job, he notified the DWP Universal Credit unit and was told he didn't need to do anything more. However, he was later notified that he had to pay back an overpayment which he felt was “so wrong on so many levels...I was ashamed and felt like a criminal.” Henry asked to pay back the lowest amount possible, which he can “just about afford” to pay.

3. Overpayments often came as a shock to carers

Most carers said they were unaware that they had gone over the earnings limit until they received notification of the overpayment, or had their benefit suspended.

“It was terrifying being told I had to pay back £3,000 when I believed I had followed all the procedures correctly.”

“... devastated because it was a complete oversight.”

Some carers said they had been misinformed by DWP staff, or other organisations such as local advice agencies or local job centres.

“I have been told different things. I'm very confused by it.”

4. Overpayments had a negative impact on carers' mental health

Many carers said that having to pay back the overpayment had caused them stress. For some carers, this was additional stress on top of caring roles which already caused them stress or anxiety. Several carers said they were suicidal. Some carers said it had affected their sleep, while others said it had caused low mood or depression.

“... extremely stressful...on top of a hugely difficult caring role.”

“... could not sleep or eat with worry.”

“I was in shock...the stress of everything made me very ill, I couldn't sleep with the worry of this all hanging over me.”

“... a lot of sleepless nights and worrying and stress when life is stressful enough.”

Several carers said it made them feel undervalued or penalised for trying to do the right thing.

“... feel like a criminal when caring for my daughter has saved them so much money.”

“I am so stressed between not having money and life in general I just feel we are being penalised.”

“... just another kick in the teeth. My son is severely disabled and it just feels like everything is against him and us.”

Case study - Lucy*

Lucy cares for her daughter. She went over the earnings limit within the last five years and had an overpayment of £2,000. This was due to the fact she was working irregularly on a zero hours contract, where her pay could vary week by week. Lucy feels like the system penalises low-income families, particularly those with children who have special educational needs and disabilities. She also feels the amount you can earn weekly is “totally not realistic to cost of living and living wage.” Lucy's overpayment is deducted from her Universal Credit, which “reduces the little to no UC we receive monthly.” She thinks the amount of Carer's Allowance should be increased so it is “more realistic” for carers.

5. Overpayments caused carers financial problems

Many carers said that paying back the overpayment had caused financial difficulties. Some carers had had to use their savings; others had borrowed money from family or friends, or taken out a loan. Many carers said they had to cut back on spending as a result; some said it affected their ability to pay for costs associated with their caring role.

“We were already struggling – I was using my credit card to pay for shopping so ran up a huge bill.”

“I have zero to fall back on now if something goes wrong and needs replacing/repairing.”

“I worry about paying my mortgage and bills and future expenses.”

“If I didn't have people helping me I think I would have ended my life as things have been so difficult.”

Several carers said they were still paying back the money years after they had been notified of the overpayment.

6. Some carers decided to stop claiming Carer's Allowance even when they were entitled to it

Some carers said they had had to stop claiming Carer's Allowance as they were over the earnings limit, and that losing the benefit had had a financial impact. Others had had the benefit suspended by the DWP. Some carers said they had decided to stop claiming Carer's Allowance even though they were entitled to it, because managing the earnings threshold was too stressful.

“[Claiming the benefit] wasn't worth the worry or stress.”

“I can't have stress of debt on top of palliative care.”

Case study - Jonathan*

Jonathan cares for his daughter. He went over the threshold over a four-year period and had an overpayment of over £4,000 in total which he was only notified about recently. Although he had tried to keep his earnings under the threshold, he had gone over a number of times without informing the DWP. Jonathan said he was “devastated because it was a complete oversight.” He said he felt he was being “punished severely for simply caring.” Paying back the overpayment has made things difficult for him financially, as well as causing “worry and stress”. Jonathan is paying back the overpayment monthly. He thinks the DWP should have let him know at the time that he had gone over the earnings limit, rather than “letting it build up over years”.

7. Many carers said that the Carer's Allowance earnings limit affected their employment situation: cutting back on hours or giving up work completely

Some carers said that working was important in improving their wellbeing but felt that the earnings threshold was a barrier to taking on more work. Many carers said they had had to cut back their hours to stay within the earnings limit: some had had to change jobs to ensure they were able to do this. Some carers also said they deliberately worked fewer hours than they were able to because they were so worried about getting it wrong and going over the earnings limit.

- “I dare not work all the hours so each month I'm below the limit by £100 because I'm afraid of losing the benefit.”
- “I am extremely careful and don't go up to how much I'm allowed to earn just incase something goes in that tips me over the edge.”
- “I pay myself a menial wage which is always going to be well under what they allow me to earn, because I'm scared of getting above that line... I'm living with the fear of that in the background.”

Some carers said had to turn down bonuses or pay rises. Several carers found managing the earnings limit and the process of communicating with the DWP to be too stressful or complicated and gave up work as a result. Others gave up work because they were so worried about going over the earnings limit in the future.

- “... couldn't cope with ALL the hassle of trying to keep the pay in a certain month.”
- “It is not worth the hassle of going over and then getting fined.”
- “I was constantly having to turn down work, and that made it really difficult to carry on working there and be an efficient member of staff when you were saying 'I have to leave now otherwise my Carer's Allowance is going to be cut.'”

For some carers, this resulted in financial difficulties, as they were having to pay back the overpayment while also no longer earning. A few carers said that because they had to reduce their hours to stay within the earnings limit, they were made redundant or let go by their employer.

Some carers had requested special provisions to be made at work, such as asking for wages to be paid the following month to keep within the earnings limit, declining requests to cover other people's shifts, or turning down bonuses.

- “It is very wrong we cannot receive a goodwill bonus that every other person can receive.”

Case study - David*

David cares for his husband. He had an overpayment of over £3,000 when he occasionally worked extra hours, and also received gifts in cash from his employer. David hadn't notified the DWP about this, as the amounts were small, and the bonuses were not because he had worked any extra hours. He received “demanding debt letters” from the DWP and is struggling to pay back the amount, particularly as he is currently unable to work whilst supporting his husband 24/7, and has little in the way of savings.

8. Carers raised concerns about communicating with the DWP

Lack of empathy and understanding

Many carers said that they felt they had been 'treated like a criminal' and were being 'punished'. Some carers said that correspondence from the DWP felt 'threatening'. Others said they had tried to explain their situation or had been in tears while on the phone to DWP, but felt they had not been listened to. In several cases, carers have been given an overpayment for going over the earnings limit by less than £1, which highlights the inflexible and punitive approach of the current system.

“ I was ashamed and felt like a criminal.”

“ It pushed me over the edge as the letters were very threatening and on top of my caring responsibilities it made me ill. I was scared and felt under constant threat from debt collectors and being taken to court.”

“ [Call handler] treated me like I was a criminal and I ended up in tears whilst on the phone to him. I had done everything I could to avoid the overpayment and informed them as soon as I could but was treated with so little respect and compassion.”

“ They are harassing and bullying me, and I feel completely overwhelmed.”

Some carers said the DWP took the overpayment directly from their wages, which they found embarrassing as they had to then explain their situation to their employer.

“ ... [had the] embarrassment of having them write to my employer to have the repayments taken from my wages.”

In some cases, carers had challenged overpayments by going to a tribunal. Some carers mentioned that this was particularly difficult when they had caring responsibilities: one carer had had to appoint an advocate to act on his behalf, while another had to take his wife, who had MS, to the court with him. Carers also said that going to a tribunal caused extra stress.

“ It is intimidatory.... they try and add pressure... it's not person-centred.”

Case study - Daisy*

Daisy cares for her daughter. She went over the earnings limit a few times over the last 15 years, and had an overpayment of nearly £1,000. This occurred when she was late declaring her earnings to DWP. On one occasion she was unable to get through to the DWP at all, and she was “constantly on hold for hours.” The situation caused “stress, upset, anxiety, worry” and problems with sleep. It made Daisy feel more cautious about taking any work in the future. She had to cut back on essentials, and was left “struggling.” Daisy thinks the earnings limit should be increased, and that there should be an easier way of reporting earnings.

Time consuming processes

Many carers said they struggled to get through to someone over the phone and were often put on hold for a long time. Some told us that they simply gave up.

- “ The admin demands of the CA process very difficult to keep up with.”
- “ ... takes a lot of time to get through on the phone.”
- “ ... phone calls on hold jumping from one call handler to the next.”
- “ We all have enough to do, working and caring, without all the paperwork side of it, and having to keep tabs on every penny that we earn, it just makes it so difficult.”

9. Carers also raised concerns about DWP processes

Delays between when the carer went over the earnings limit and when they were contacted by the DWP.

Many carers said they could not understand why the DWP had not notified them sooner that they had exceeded the limit. In some cases, it had taken several years for DWP to contact carers, resulting in significant overpayments.

- “ I was devastated to say the least. How had they let it get to that point?”
- “ If I had known this sooner, I could have rectified this immediately and would not have been lumbered with this huge debt many years later.”

While some carers wanted DWP to stop payments of Carer's Allowance as soon as it was aware of a potential overpayment in order to prevent high debts from building up, many other carers were left in serious financial difficulties when their Carer's Allowance was suddenly stopped. Early notification of carers when a potential overpayment happens is important but stopping the benefit without warning seems to cause many carers financial strain.

- “ Very stressful as they stopped Carers Allowance... We struggled to pay bills.”

Case study - **Julienne***

Julienne cares for her adult son. She had to pay back a month's Carer's Allowance, despite the fact she had already informed the DWP that her salary exceeded the earnings threshold and had stopped claiming the benefit. She tried to appeal the overpayment, on the basis that she had informed the DWP, but this was rejected and a £50 fine was taken directly from her salary. Julienne “felt very let down as I had tried to do the right thing and inform them...felt embarrassed that it looked like I had not been honest or organised.” She said she is still “very paranoid” that DWP will start paying her the Allowance again: “they're so disorganised they can just do things like that.” She also felt undervalued by the Government at a time when she was working within healthcare during the pandemic. Julienne said the DWP need to be better at following up on communication from carers.

DWP not acting on information carers had provided

Some carers said they had notified DWP of a change in circumstances, but had continued to be paid the Carer's Allowance in error. Some carers have contacted Universal Credit teams to tell them about a change in their earnings but the Carer's Allowance unit was then not informed of the change.

“ ... felt very let down as I had tried to do the right thing and inform them.”

“ I've rang them every time but their actions were delayed.”

“ I've got the proof in writing that I did tell them and it's not my fault.”

Information not shared between different departments within the DWP

Carers told us of situations where they had told one part of the DWP, but the information had not been passed on to the Carer's Allowance Unit. As far as they were concerned they had informed 'the DWP'. However, the DWP requires the carer to specifically contact the Carer's Allowance Unit.

Communication issues between the DWP and the carer. If the carer provides information to the DWP, the only way that they are communicated back to is via letter or a telephone call.

Carers also told us about the challenges for carers 'proving' their case and tracking notification. When carers were notifying the Carer's Allowance Unit via telephone, they didn't always record the date and time of their call and the information shared. When it came to challenge the processes, they were unable to provide any 'proof'.

Carers can now submit information online which does give carers proof that they have submitted something. However, it does not provide a record to the carer of what has been submitted.

Case study - Rebecca*

Rebecca cares for her daughter. She exceeded the earnings threshold within the last 10 years and had an overpayment of nearly £3,000. Rebecca worked intermittently for an education provider and some weeks exceeded the earnings limit by just a few pence. She didn't inform the DWP about this as because she did so little work, she hadn't realised she had gone over the limit. Rebecca said that the overpayment, "Pushed me over the edge as the letters were very threatening and on top of my caring responsibilities it made me ill. I was scared and felt under constant threat from debt collectors and being taken to court." The DWP would not consider her to be an irregular earner. As a result, Rebecca stopped working as she was so worried about exceeding the limit again. She is now struggling financially as she is having to pay back this money, which is deducted from her Carer's Allowance each month. Rebecca thinks the DWP should have acted quicker, or had a system that automatically stops a Carer's Allowance payment if the carer has gone over the limit. She said that, "To allow years to pass is inexcusable" and that they made her "feel like a criminal".

Averaging of earnings

Carers with irregular incomes felt that their pay should be averaged over a longer period of time so that their Carer's Allowance was not taken away as a result of an infrequent payment. Many carers were under the impression that their pay would be averaged over the year as happens for self-employed carers.

“ I thought earnings were an average over the tax year. Apparently, not.”

“ The system needs to be flexible for those on zero hours contracts. Maybe assessed annually. One year I earned approx half the annual income but still lost three months benefits. Those who earn a regular amount were making more money than me and keeping all their benefit. This is not fair.”

DWP ultimately decides how a carer's wages can be averaged. Apart from those in self-employment, most carer's earnings cannot be averaged over the whole year. The typical timeframe DWP applies is five weeks where there is an irregular working pattern. The result of this is that carers who are involved in very irregular or seasonal work where they are only paid a few times per year lose their Carer's Allowance whereas those carers who are able to spread out their work patterns can continue to receive the benefit. Many carers are involved in irregular work due to the flexibility this work offers alongside their caring role. Carers should be given more of a say about how their earnings should be averaged to ensure that they are on a par with carers who are able to have low but regular wages.

Case study - Virginia*

Virginia cares for her son. She had an overpayment of £2,000 within the last few years because she “hadn't realised my average wouldn't be used”. Her access to the benefit was suspended for a few months which caused “huge financial strain.” She gave up work because she didn't want to risk further overpayment. She is finding it a “financial burden” to pay back the overpayment, particularly when she is no longer working. Virginia thinks that the DWP should make better use of “real-time data” and explain to carers what impact overpayments might have.

What changes do carers want to see?

When asked what changes to Carer's Allowance would help them to juggle work and care more easily, the most common response was raising the earnings limit. **75% of carers said that raising the earnings limit to at least 21 hours and pegging it to the National Living Wage would be helpful.**

Carers who took part in the focus group discussed how the system of reporting earnings could be improved. They felt that the following would be helpful:

- Being able to report earnings online, to track whether information has been received by the DWP and to have a record of what had been sent
- Some carers mentioned the extra costs involved in sending correspondence through the post by recorded delivery. The extra cost of recorded delivery was seen as necessary as there was no other way for carers to evidence that the information they provided to DWP has been received and would not be challenged later on.
- Being able to contact DWP through a chat box feature or over email.
- Having more personal 1:1 contact with the DWP.
- Having more knowledgeable advisers at the DWP.

Changes to Carer's Allowance which might enable carers to combine work and care more easily	Percentage of carers who said this would be helpful
Raising the earnings limit to at least 21 hours and pegging it to the National Living Wage	75%
An improvement to the DWP's process of notifying claimants about earnings increases and potential overpayments	63%
Introducing a taper so deductions in Carer's Allowance are directly related to how much you earn over the earnings limit	61%
Being able to average earnings over a longer period of time decided by you	58%
Creating a digital platform where you can clearly see your earnings and potential breaches of the limit	56%
Better information on the DWP website about earnings rules and allowance deductions	52%

Carers UK's recommendations



The Department for Work and Pensions should:

1. Undertake a full review of Carer's Allowance, its eligibility criteria and processes to ensure that the social security system works well at supporting unpaid carers and encourages their participation in the labour market where this is possible.

Carer's Allowance is a critically important benefit that recognises carers and provides income. The current level of Carer's Allowance is too low and needs to be increased by at least £11.10 a week in England, Wales and Northern Ireland (at 2024/25 rates), to match the effective rate in Scotland.

2. Increase in Carer's Allowance earnings threshold to the value of 21 hours work a week at the National Living Wage rate. This annual increase should be defined in secondary legislation so that carers' ability to earn is not eroded over time, as National Living Wage rises faster than the earnings limit.

3. Write off past substantial overpayments, where carers could have been notified sooner.

DWP should write off overpayments for carers in all cases where the DWP could have told carers about potential overpayments much sooner. Those with debts accumulated over 6 weeks or more should have debts written off, as DWP should have been in touch with carers within this timeframe to tell them about their earnings potentially being in breach. Scottish Government should also work collaboratively to ensure that historical overpayments are written off by the DWP.

4. Bring forward options and timescales to introducing a taper to earnings similar to other benefits. The 'cliff edge' in the earnings limit means that carers have to pay back the whole Carer's Allowance when going over the earnings limit by a small amount, contributing to the large size of overpayments debts.

5. Improve the administration of Carer's Allowance by:

- a. **Increasing staffing and improving staff training:** There must be sufficient staffing in place to prevent the build-up of backlogs and stop overpayments from running longer than they need to. Given the rise in numbers of people claiming Carer's Allowance, staffing in all areas of Carer's Allowance administration needs to increase. Staff at DWP should also receive training to treat carers with more empathy and to provide better information.
- b. **Acting quickly on information from carers:** DWP also need to act quickly when information has been supplied by unpaid carers. Carers UK research found that many carers had notified the DWP of a change in circumstance but action had not been taken promptly. We recommend that a series of new customer service targets are introduced for the DWP to respond to unpaid carers within a particular timescale. If the targets are not being reached, an investment in both people and processes is needed to ensure that they are met.
- c. **Improving information sharing between DWP departments:** Ensuring that information provided by a carer to one team within DWP, such as Universal Credit, is shared with the Carer's Allowance Unit. New customer service levels need to be introduced to ensure that this is followed.
- d. **Involving carers in the decision on how to average their earnings:** Carers should have a say in how their pay is averaged to ensure they are able to continue with paid work across the year, where this may be irregular or seasonal, and stay within the weekly, monthly or yearly earnings limit.

6. Improve the information available to carers by:

- a. **Notifying carers quickly about potential overpayments:** Many overpayments have been run up into large debts as a result of delays in the DWP notifying carers when they receive data about earnings potentially being over the earnings limit. DWP should speed up the process of notifying carers at the earliest opportunity so they can check their pay and get in touch with the DWP or benefits advisors for further clarification.
- b. **Improving understanding of earnings rules:** Many carers seem unclear about why an overpayment has occurred. Letters to carers about Carer's Allowance should be urgently updated to make it clear how to report changes. Clearer information on [GOV.UK](https://www.gov.uk) should be provided so that carers understand what constitutes deductible expenses and how to calculate them. We would recommend making the information on [GOV.UK](https://www.gov.uk) more interactive.

7. Improve interaction between carers and DWP, by:

- a. Introducing more methods and ways of interacting with unpaid carers:** The way in which carers can send information to the DWP should be modernised. Carers should be able to photograph or scan evidence and upload it to the DWP website or to send it by email. It would also be helpful for carers to be able review their benefit status, earnings and payment history online.
- b. Improving customer support for unpaid carers within the DWP:** The DWP needs to consider carers' own vulnerabilities and the degree to which they experience detriment as a result of their own personal circumstances due to caring and other factors. Caring makes people time poor and they are more likely to be in ill-health whilst experiencing higher levels of stress.

8. The Scottish Government should consider all of the above recommendations to ensure that the issue of overpayments, and the level of overpayments, is not replicated in the new Carer Support Payment.

In addition, both Governments should work collaboratively to address historic overpayments (which will be retained by the DWP) when all Scottish Carer's Allowance recipients move to Carer Support Payment.



Across the UK today 5.7 million people are carers – supporting a loved one who is older, disabled or seriously ill.

Carers UK is here to listen, to give carers expert information and tailored advice. We champion the rights of carers and support them in finding new ways to manage at home, at work, or in their community.

We're here to make life better for carers.

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ISBN: 978-1-873747-84-1 | Publication code: UK4132_0724 | © Carers UK, July 2024

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