



Department  
for Work &  
Pensions

**THE RT HON. SIR STEPHEN TIMMS MP**  
Minister for Social Security and Disability  
Department for Work and Pensions  
Caxton House  
Tothill Street  
London, SW1H 9NA

08 April 2025

**Helen Walker**  
Chief Executive  
Carers UK  
20 Great Dover Street  
London  
SE1 4LX

Dear Helen,

Thank you for your letter of 20 March 2025 to the Secretary of State about overpayments of Carer's Allowance (CA). You wrote on behalf of several organisations and signatories. I have been asked to reply as the Minister responsible for CA.

I want to begin by paying tribute to the millions of unpaid carers across this country. This Government recognises and values the vital contribution made by carers every day in providing significant care and continuity of support to family and friends, including pensioners and those with disabilities. The 2021 census indicates that around 5 million people in England and Wales may be doing some unpaid care, with many of us taking on a caring role at some point in our lives.

Like other MPs I see so much of the work carers do through my postbag and events I attend across my constituency, as well as through my duties as a Minister. Carers are fortunate enough to have some wonderful advocates through organisations such as your own and the Carers Trust to name but two. And, of course, amongst the other signatories to your letter.

We inherited a system where busy carers, already struggling under a huge weight of responsibility, have been left having to repay large sums of overpaid CA – sometimes worth thousands of pounds. We needed to understand exactly what had gone wrong so we can set out our plan to put things right. That is why we launched an **Independent Review of earnings-related overpayments** of CA. We were delighted that Liz Sayce OBE agreed to lead this review and I am pleased that this was widely welcomed. The review is investigating how overpayments of CA have occurred; what can best be done to support those who have accrued them; and how to reduce the risk of these problems occurring in future. It is anticipated that the Independent Review will arrive at its conclusions this summer. We will, of course, carefully consider the findings of the review and its recommendations. Both the report from the Independent Review and the Government's response will be published.

You asked the department to **write off substantial overpayment debts and pause work on overpayments until the Independent Review has concluded**. We have been clear (including in the Terms of Reference) that the review is not a substitute for legal proceedings (Mandatory Reconsiderations/Appeals) and the existence of the review does

not prejudice any business-as-usual activity by DWP. It would not be appropriate to speculate on the findings of the review or any potential outcomes.

What I can say though is that we carefully balance our duty to the taxpayer to recover overpayments with safeguards in place to manage repayments fairly. Carers have a responsibility to ensure they are entitled to benefits and to inform the DWP of any changes in their circumstances that could impact their award. Support remains in place with DWP's Debt Management Service available to speak to anyone who has had an overpayment about the terms of their repayment.

But we aren't sitting back and just waiting for the outcome of the Independent Review. From this April the **weekly CA earnings limit** will be pegged to 16 hours work at National Living Wage (NLW) levels, and in future it will increase when the NLW increases. The earnings limit will be £196 a week net earnings, compared to £151 now. Over 60,000 additional people will be able to receive CA between 2025/26 and 2029/30 as a result. This will provide more certainty on the hours they can work for those unpaid carers with a job on the NLW. This is the largest ever increase in the earnings limit since CA was introduced in 1976 and the highest percentage increase since 2001.

As the Chancellor said at the Autumn Budget, we need to look at the current "cliff edge" earnings rules. **A taper**, for example, could further incentivise unpaid carers to do some work. It could also reduce the risk of significant overpayments. However, introducing a taper in CA is not without challenges and could significantly complicate the benefit as it currently stands and would mean a major rebuild of the CA computer system. DWP is undertaking some scoping work to see whether an earnings taper in CA might be a feasible option in the longer term. But any taper will be several years away.

Right now, we want to make it as easy as possible for carers to tell us when something has changed in their life which could affect their CA. So, we will continue to **review and improve communications**, including some trials during 2025, so claimants are more aware of what changes they need to report and are regularly reminded to do so and in a way that suits them.

We are also putting in extra resources (from April 2025) to **process the earnings information we receive from HMRC** (through the Verifying Earnings and Pensions System) and clear the current backlog. Once the backlog is clear, we will be able to catch more potential overpayments early and prevent several years building up.

Taken as a whole, this is a significant package of change to CA. It will provide some welcome modernisation, as well as directly addressing some of the fraud and error issues currently in the system.

Yours sincerely,

A handwritten signature in blue ink that reads "Stephen Timms". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

**Rt Hon. Sir Stephen Timms MP**

**Minister for Social Security and Disability**