

Carer's Allowance Overpayments – Recovery by DWP

Work and Pensions Select Committee Inquiry and Carers UK reaction to National Audit Office report

Summary

The Work and Pensions Select Committee in Parliament is carrying out an Inquiry into the Overpayment of Carer's Allowance. Having taken evidence from Carers UK in November, including evidence from carers, the National Audit Office carried out an investigation into overpayments of Carer's Allowance. The result of this investigation was published on 26 April 2019.

The National Audit Office (NAO) report found that the Department for Work and Pensions (DWP) is seeking repayments from 80,000 carers detected in the last three years (to now). They expect to recover £150 million in the process. Many overpayments are for only for one week's overpayment, but some are much larger. 133 individuals have debts of over £20,000 at the end of March 2019. This will take years for some individuals to repay.

The NAO found that DWP staffing levels were not adequate to deal with overpayments quickly enough and that backlogs have developed. It also found that two thirds of carers with overpayments of more than £2,500 could have had been notified sooner.

Carers UK has put forward robust evidence for the need for change and made a series of recommendations that we would like to see DWP take up.

These include a rise in the earnings limit for Carer's Allowance to the National Living Wage, for debts to be written off in certain cases, for clearer information and communication with carers and, finally, for extra payments for disabled people to be investigated.

We believe that action is urgently required to stop carers from ending up in this situation and to reduce the hardship and ill-health this causes.

DWP has been discussing with Carers UK how communications with carers might be improved.

What is a Carer's Allowance overpayment?

Carers in receipt of Carer's Allowance are responsible for notifying the Carer's Allowance Unit 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. The earnings threshold is set at £123 (2019/20) per week after deductions. If the carer is even £1 over this limit, they lose 100% of their Carer's Allowance which is currently £66.15 per week in England, Wales and Northern Ireland (in Scotland it is worth more because of the Carer Supplement, but the overpayment rules are the same currently). If the carer does not notify DWP of these changes, specifically through the Carer's Allowance Unit, 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 it back.

How do overpayments affect carers, and what have they said?

Carers UK's advice service has been contacted by carers who are subject to an overpayments notification for Carer's Allowance. The amounts started at £400, most were over £1,000 (close to the average stated by DWP), with two very large examples of £10,000 and £18,000. They all have said that they made honest mistakes and there were a variety of reasons for the overpayment. They included:

- Not realising what the rules were, they didn't remember reading them.
- Not interpreting the rules correctly and not finding the deductible expenses easily.
- Telling one section of the DWP about changes, but not realising that information would not be passed on to the Carer's Allowance Unit specifically.
- Not realising earnings had gone over the limit because earnings went directly into their bank account and they did not have a pay slip.
- Not realising the earnings had gone over the limit because earnings were received monthly and they hadn't calculated it correctly.

Carers contacting us were typically looking after disabled people with very significant care and support needs. The small amounts of work they were doing were important income-wise, and also for their wellbeing and keeping in touch with the labour market. Typically they would also be very time poor. They were caring for disabled children, disabled adults, parents with dementia, partners with significant disabilities and degenerative conditions. The impact of receiving an overpayment statement has been devastating for many and several talked about feeling worthless, sick, as well as wondering whether working or caring was worth it given the stress and anxiety this caused.

Whilst caring can be rewarding, it can also be extremely stressful. The value of carers' support is worth a staggering £132 billion per year.

What did the National Audit Office find?

- The DWP is seeking repayments from 80,000 carers detected in the years up until now. They expect to recover £150 million.
- Many overpayments are for one week, but some are much larger. 133 individuals have debts of over £20,000 at the end of March 2019. This will take years for some individuals to repay.
- The DWP staffing levels were not adequate to deal with overpayments quickly enough and backlogs have developed. Two thirds of carers with overpayments of more than £2,500 could have had been notified sooner.
- Legislation caps the amount that carers have to repay per week to £11.10 per week from benefits for example. However, no research has been carried out to look at whether this causes hardship for carers or the person they care for.
- Estimates of fraud and error and based on a study that is nearly 30 years old. Few overpayments were proven fraud.
- There was no evidence of contacting the disabled person to see if they would be entitled to additional disability benefits, because the carer was not entitled to Carer's Allowance for at least that week.
- Communications with carers could be improved so that they were aware of their responsibilities to notify the Carer's Allowance Unit as soon as possible.
- Payment of Carer's Allowance is suspended whilst the claim is checked for an overpayment. As a result of backlogs, it was taking months and some cases years to make these decisions. DWP does not measure how many carers are then paid back Carer's Allowance when a decision is in their favour.

What has Carers UK been calling for?

Increase in Carer's Allowance and the earnings threshold

Carers UK continues to argue that Carer's Allowance is a critically important benefit that recognises carers and provides income. We have also raised the fact that the level of Carer's Allowance is pitifully low in England, Wales and Northern Ireland and needs to be aligned with Scotland (which has recently increased the level of Carer's Allowance with a Carer Supplement). This is part of our [Fairer for Carers campaign](#).

The earnings threshold needs to be raised and pegged to at least 16 hours of the National Living Wage. This would prevent some carers from going over the limit and would iron out an inconsistency in the benefits system.

Urgent research into how the earnings threshold does or doesn't support carers' connection and transition into work also needs to be undertaken.

Avoidable overpayments should be written off

Carers UK wants DWP to write off overpayments debts for carers where the DWP could have told carers much sooner. A priority target should be those with debts of £2,500 as highlighted in the NAO report.

Improve the administration of Carer's Allowance

There must be sufficient staffing in place to prevent the build-up of backlogs and prevent overpayments from running longer than they need to. Our concern is that there is still not sufficient staff working on this area. Given the rise in numbers of people claiming Carer's Allowance, staffing in all areas of Carer's Allowance administration needs to increase.

Improve the information available to carers

Carers seem unclear about why an overpayment has occurred. Letters to carers about awarding Carer's Allowance, uprating the benefit, etc. need to be urgently updated to make it clear about reporting changes.

Clearer information on Gov.uk needs to be provided so that carers understand what constitutes deductible expenses and how to calculate them. More information could be provided on how earnings are averaged out as well.

The way carers are able to send information could be modernised. They should be able to photograph or scan evidence and upload it to the DWP.

Raise the Small Overpayment Level to over £66.15.

Currently payments of £65 and under have not been reclaimed by the DWP. For the first time, one week of Carer's Allowance has gone over the threshold which means that carers will have to pay back even one week unless the rules are changes. Unless this is changed, it will take a carer six weeks to pay back just this one week of Carer's Allowance causing additional hardship and heartache.

Do more to understand the impact of repayments

Urgent research is needed into the impact of repayments on carers, the people needing care, and their wider family – with a particular focus on their health and

wellbeing. Carers UK's evidence from carers contacting us is that it takes a heavy toll on their mental health, as well as causing financial hardship.

More should be done to look at the impact on disabled people's entitlements

Where Carer's Allowance was wrongly paid and is being reclaimed, the DWP should do more work to understand whether there could have been a claim for Severe Disability Premium from the person with care needs. A Severe Disability Premium is an extra amount that is included in some means-tested benefits to help with the cost of disability. Where the disabled person has someone supporting them who is claiming Carer's Allowance they are not usually entitled to receive the Premium. Where carers are being asked to pay back Carer's Allowance, it may be the case that significant numbers of people with disabilities should have been receiving more financial support.

More up to date information is needed on fraud and error

Accurate fraud and error estimates for Carer's Allowance are in need of being updated more regularly.

What has the DWP done since November 2018 when Carers UK gave evidence?

The DWP has started to update its fraud and error estimates and this will be available 2020. DWP is also consulting Carers UK about its letters to carers, including content.

Contact

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- We give expert advice, information and support

- We connect carers so no-one has to care alone
- We campaign together for lasting change
- We innovate to find new ways to reach and support carers

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