



Kent Academic Repository

Griffiths, Rita and Cain, Ruth (2022) *Universal Credit, deductions and 'sexually transmitted' debt*. *Journal of Social Welfare and Family Law*, 44 (4). pp. 431-454. ISSN 1469-9621.

Downloaded from

<https://kar.kent.ac.uk/99945/> The University of Kent's Academic Repository KAR

The version of record is available from

<https://doi.org/10.1080/09649069.2022.2136712>

This document version

Publisher pdf

DOI for this version

Licence for this version

CC BY (Attribution)

Additional information

Versions of research works

Versions of Record

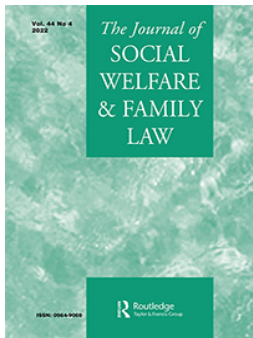
If this version is the version of record, it is the same as the published version available on the publisher's web site. Cite as the published version.

Author Accepted Manuscripts

If this document is identified as the Author Accepted Manuscript it is the version after peer review but before type setting, copy editing or publisher branding. Cite as Surname, Initial. (Year) 'Title of article'. To be published in **Title of Journal**, Volume and issue numbers [peer-reviewed accepted version]. Available at: DOI or URL (Accessed: date).

Enquiries

If you have questions about this document contact ResearchSupport@kent.ac.uk. Please include the URL of the record in KAR. If you believe that your, or a third party's rights have been compromised through this document please see our [Take Down policy](https://www.kent.ac.uk/guides/kar-the-kent-academic-repository#policies) (available from <https://www.kent.ac.uk/guides/kar-the-kent-academic-repository#policies>).



Universal Credit, deductions and 'sexually transmitted' debt

Dr Rita Griffiths & Dr Ruth Cain

To cite this article: Dr Rita Griffiths & Dr Ruth Cain (2022) Universal Credit, deductions and 'sexually transmitted' debt, Journal of Social Welfare and Family Law, 44:4, 431-454, DOI: [10.1080/09649069.2022.2136712](https://doi.org/10.1080/09649069.2022.2136712)

To link to this article: <https://doi.org/10.1080/09649069.2022.2136712>



© 2022 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.



Published online: 31 Oct 2022.



Submit your article to this journal [↗](#)



Article views: 606



View related articles [↗](#)



View Crossmark data [↗](#)



OPEN ACCESS



Universal Credit, deductions and ‘sexually transmitted’ debt

Dr Rita Griffiths^a and Dr Ruth Cain^b

^aInstitute for Policy Research, University of Bath, Bath, UK; ^bUniversity of Kent Law School, University of Kent, Canterbury, UK

ABSTRACT

Intended to simplify benefits and encourage paid employment, Universal Credit is the UK’s main working-age benefit. Assessed and paid monthly in arrears to low-income individuals and couples with and without earnings, the single monthly payment is based on entitlement, less a proportion deducted for any household earnings and/or debts. Research has highlighted the financial hardship that deductions for debts can cause for claimants. Less attention has been paid to the experiences of couples who have joint liability for repaying debts that one or both of the partners may have accrued, including those which may pre-date the start of their current partnership. Drawing on new empirical research findings, we explore the effects of deductions in the context of a joint Universal Credit claim, and on the different partners. The paper argues that greater stringency, data sharing and automation in the capture and recovery of debts, compared with the legacy system, have reduced the scope for flexibility and discretion in the way debts are collected and deductions are administered. This is creating additional financial hardship and potential relationship instability for couples for whom adverse financial and emotional effects can be multiplied. Options for reform are discussed.

KEYWORDS

Universal credit; deductions; personal debt; partner inherited debt; sexually transmitted debt; social security

Introduction

Intended to simplify the benefit system and to encourage paid work and higher earnings, Universal Credit (UC) is the UK’s main working-age benefit which is replacing six means-tested benefits and tax credits¹ with a single monthly household payment. Starting in April 2013, UC has been rolled out progressively in stages to different client groups in selected areas across the UK. Initially restricted to single unemployed claimants in the North West of England, in 2014, UC eligibility was gradually extended to couples, families and claimants with more complex needs in selected areas across the UK. The UC ‘Full Service’, which incorporates an online application and claimant journal, started its phased rollout in 2016, and was completed in 2018 for all new claims.

Focus has recently shifted to moving claimants of legacy benefits onto UC. A small-scale pilot of ‘managed migration’ that started in Harrogate in 2019 was suspended in March 2020 due to the Covid pandemic. It was resumed in May 2022 with a ‘three-track approach’ – incorporating natural migration (due to a change in employment status or

family situation, for example), voluntary migration (where a claimant chooses to move to UC) and ‘managed’ migration (a mandatory move to UC) – with Bolton and Medway the first two areas to go live (DWP 2022a). On current government projections, all existing claimants of legacy benefits and tax credits will have been migrated across to UC by 2024 (DWP 2022b). When fully rolled out, between 7 and 8 million households, including half of all families with children, and around 40% of working households, are estimated to be in receipt of the benefit.

Designed to mimic receipt of a monthly salary, Universal Credit is paid monthly in arrears to eligible individuals and couples with and without dependent children, both in and out of work. Entitlement is assessed, and payment calculated, retrospectively, once any earnings received in the preceding month have been paid, giving rise to a minimum five week wait for payment at the start of the claim. Couples who live together must claim UC jointly and are treated as a single ‘benefit unit’, meaning that their income, earnings and assets are aggregated for the purposes of eligibility and entitlement. This is also the case for other means-tested benefits. However, in a significant departure from the legacy system, the joint amount of UC that couples are entitled to is paid in the form of a single monthly payment transferred into one nominated individual or joint account.

The amount of Universal Credit paid each month is based on entitlement,² less any reduction for earnings and deductions for debts. Deductions are reductions in the monthly payment, calculated as a percentage of the standard allowance, that are taken at source – generally without consent – to repay a wide range of debts, including benefit and tax credit overpayments; advance and budgeting loan repayments; and rent, council tax, and utility arrears and charges, that claimants are said to owe to the government, local authorities and other third parties. They are distinct from (and additional to) any reductions in UC due to sanctions, fraud or civil penalties.³ Any deduction from the Universal Credit payment due to earnings is also a separate subtraction.⁴

Data on deductions is not published in official government statistics. Freedom of information requests and responses to parliamentary questions have, however, allowed a basic picture to emerge of their increasing volume and prevalence. In 2013, when UC first began rolling out, only one in 10 claims had a deduction. By 2018, this had risen to one in three (Jayanetti and Savage 2018). By November 2019, more than half of all UC claims (58%) had a deduction (UK Parliament, HC UIN 20637, 2020). Another parliamentary question reveals that, between April 2017 and October 2018, the total amount deducted from UC payments had risen from £9,000,000 to £39,000,000 (UK Parliament, HC UIN 224493, 2019).

Increased use of repayable advance loans in UC, intended to help tide new claimants over during the minimum five week wait for payment, are part of the reason for the surge in deduction levels. However, the number of deductions for tax credit overpayments has also risen sharply. In March 2019, 277,000 UC claims had a deduction for a tax credit overpayment. By December 2020, this had escalated to 507,000, 10% of all UC claims (UK Parliament, HC UIN 83058, 2021). Over the same period, the number of claims affected by deductions for UC overpayments has also significantly increased, from 71,000 in March 2019, to 216,000 in December 2020 (UK Parliament, HC UIN 83058 2021). Here, the unprecedented increase in the claimant count as a result of the Covid-19 pandemic – from around 3 million people in February 2020 to just under 6 million in

April 2021 – was a key driver. However, as later argued, greater stringency, automation and scope for data sharing in UC in the capture and recovery of debts, is also an important explanatory factor.

The government contends that deductions ‘*carefully balance[s] our duty to the taxpayer to recover overpayments with our support for claimants*’ and that ‘*safeguards [are] in place to ensure deductions are manageable*’ (UK Parliament, UIN HL54, 2021). However, a growing body of research and evidence is revealing the financial hardship, indebtedness and emotional distress that deductions can cause (Drake 2017, StepChange 2017, Graven 2021, Bennett-Clemmow *et al.* 2022). In response to concerns voiced by debt charities, third sector organisations and politicians from across the political spectrum, the maximum percentage of a claimant’s monthly standard allowance that can be taken in deductions has gradually been reduced over time. Between 2013 and 2019, up to 40% of the standard allowance could be taken/ In October 2019, the maximum percentage was reduced to 30%. In April 2020, as part of the Government’s emergency response to the Covid-19 pandemic, deductions for the recovery of benefit overpayments and social fund loans were paused for three months. The Government further announced that the date originally scheduled for reducing the maximum deduction to 25% (October 2021) would be brought forward. As of 12 April 2021, deductions do not normally exceed 25% of a (single or couple) standard allowance.⁵ Repayment periods for some types of deductions have also been extended. However, in spite of these reforms, research and evidence continues to show that financial hardship as a result of Universal Credit deductions remains a serious cause for concern. (Patrick and Lee 2021, StepChange 2022, Dalia Ben-Galim 2022)

Deductions and couples

Against this backdrop, the experience of couples claiming Universal Credit jointly remains under-explored (Bennett 2020). Reflecting the treatment of couples in the wider welfare system, to date, research and debate about deductions has tended to treat the household, and the members within it, as a single undifferentiated unit (Bennett 2018). However, the partners in couples claiming Universal Credit jointly face a different, and arguably more complex set of issues compared with single claimants (Griffiths *et al.* 2022a). For couples (both with and without children), UC comprises a mix of joint and individual elements. Some mirror the legacy system and are inherent to the UK’s household-based system of means-testing, but others are new to UC or affect joint claimants in different ways. UC is jointly claimed, assessed and means-tested for couples, meaning that the income and assets of both partners are aggregated for the purposes of assessing entitlement. It also means that couples share liability for deductions. Overpayments and debts incurred by one partner, both in the current or any previous benefit or tax credit claim, therefore affect the other. This ‘sexually transmitted’ or ‘partner inherited debt’⁶ can include debts which pre-date the start of the current partnership and which may have arisen during one or both partners’ previous marriage(s) or period(s) of cohabitation.

Similar rules for joint claimants applied under the legacy system. However, in UC, there is only a single monthly award paid into one bank account (a single or joint). Universal Credit also has much stricter debt repayments policies and increased automation across its debt collection procedures. These, in combination with UC’s greater data

sharing capabilities, have significantly enlarged the scope for the identification and recovery of debts and overpayments, over an extended timeframe. These have not only increased the likelihood of deductions but have also amplified the financial and emotional consequences that can follow (Kirwan 2021, p. 14). For the partners in a couple, whose debts can be ‘transmitted’ to or ‘inherited’ from one another, the potential for adverse consequences is greater still.

Drawing on new empirical research exploring the experience of Universal Credit in the context of a joint UC claim, this paper argues that for couples whose debts are aggregated, the effects of deductions can be multiplied, as well as having the potential to affect the individual partners in disproportionate and unequal ways. The paper begins by examining the historical, legal and institutional context for deductions before outlining the research methods and findings. Policy implications and options for reform are then discussed.

Deductions in historical and legal context

Deductions from benefit payments to repay the government for overpayments and Social Fund⁷ loans pre-date the introduction of Universal Credit by several decades. Some deductions were levied without consent, while others could be initiated by claimants. Repayment terms for low-cost Social Fund loans were agreed before the loan was paid out and claimants could choose whether to repay small or larger amounts depending on their preferences and ability to pay (SSAC 2007). A protective legal stipulation ensured that the total amount deducted did not exceed 25% of the personal allowance without the claimant’s consent. During the 1970s, the legal power to deduct debt repayments from benefits, and without the claimant’s consent, was gradually extended to other creditors amid concerns about the rising number of fuel disconnections among benefit claimants (SSAC 2007, p. 3). Third party deductions, made on behalf of local authorities and utility providers, were intended to help claimants to pay essential bills in a manageable way and to protect the health and well-being of claimants at serious risk of eviction and fuel supply disconnection. Further legislation saw deductions extended to include arrears of rent, water rates, council tax, mortgage interest, child maintenance and court fines, together with the on-going cost of housing and utilities.

With the introduction of Universal Credit came a new legal framework with wider powers, an enhanced and expanded range of deductions, increased technical capability, more prescribed and restrictive repayment terms and a broader set of social policy objectives (Welfare Reform Act, 2012). Deductions now form part of UC’s wider remit to encourage claimants to take personal responsibility for meeting their social obligations and managing their finances. The written response to a parliamentary question in July 2022 (UK Parliament, HC UIN 33038, 2022) lists no less than twenty five different debts for which a Universal Credit deduction can be made.⁸ Debts to government are also different from other forms of personal debt and the government is privileged compared with other creditors. Deductions take priority over other debts at all legal jurisdictions and, unlike consumer debt, which is generally statute-barred after six years of non-activity, there is no specified time limit for their recovery⁹ (Kirwan 2021, p. 16).

Under current policy, deductions reduce the monthly UC payment according to a fixed set of minimum and maximum percentages in strict order of priority until the

debts (of both partners in a couple) have been recovered in full (DWP 2022c, p. 77). Up to three deductions can be taken at any one time by up a current maximum of 25% (previously 40%) of the standard allowance (DWP 2022b, p. 78). However, last resort deductions for rent arrears and the on-going costs of rent, water rates and fuel bills, allow the maximum percentage to be exceeded if there is deemed to be a risk of homelessness or disconnection (DWP 2022c, p. 78). And if a sanction or penalty is being applied, last resort deductions for housing and utility costs are still taken even if the total amount of deductions is higher than the 25% (DWP 2022c, p. 78).

This increased stringency under UC has led to levels of deductions that, in some cases, has reduced the benefit payment to an amount below that which enables claimants to meet their basic living costs (Fitzpatrick *et al.* 2018, Christians Against Poverty (CAP) 2019). The standard allowance is the amount of money that the government states a person (or couple) needs to live on, so reducing it by any amount has the potential to cause financial hardship. A legal challenge brought by Shelter in February 2020, on behalf of four claimants, successfully overturned the deductions policy in cases where there is a fine imposed by the criminal law court. DWP's decision to always apply the maximum deduction rate at that time of 30% (since reduced to 25%) was deemed by Mr Justice Kerr to be an unlawful fettering of the Secretary of State's discretion (EWHC 608 (Admin) 2021). The judge did not determine that the rules on deductions were themselves unlawful but rather the way that policies were applied that had fettered the discretion. Indeed, the DWP's own online guidance states that repayments can be reduced if a claimant is struggling to repay her/his debt,¹⁰ a message continually repeated by ministers when responding to parliamentary questions.

As a result of the ruling, from May 2021, court fines are now subject to a fixed rate of 5% in all cases. However, court fines represent only a very small proportion of deductions. The majority relate to repayments of advance loans, and benefit and tax credit overpayments.¹¹ And while last resort deductions also only affect a small number of claimants,¹² for those affected, the amounts deducted can sometimes be so high that the claimant risks destitution (Gustaffson 2017). Indeed, the regulations allow deductions to reduce the UC payment to just 1p, a matter recently covered in the national press (Borland 2019).

A further differentiating feature of Universal Credit is that deductions apply to all elements of the payment, including amounts awarded for housing and children. Under previous housing benefit regulations, amounts could only be deducted to recover housing benefit overpayments. Deductions in respect of other third-party debts, such as rent and council tax arrears, could not be applied to financial help with housing costs (Graven 2021). Because UC integrates elements for housing into the single monthly payment, this stipulation no longer applies. Deductions are also calculated with reference to a fixed percentage of the standard allowance, which means there is no necessary relationship between the amount deducted and the size of the actual UC award. Both minimum and maximum deductions are also higher under UC.

Universal Credit also incorporates an expanded set of data sharing powers between the DWP, HMRC, local authorities and other third parties, including landlords, utility providers and banks, enshrined within the Welfare Reform Act 2012. Risk-based ID verification and data analytics allows claimant data to be cross-referenced with a range of third parties for checks of identity, address, income and occupancy. Data matching is

intended to help identify fraudulent and erroneous claims arising from undeclared capital, income and partners (Public Accounts Committee 2020). However, Universal Credit's greater technical capability and reach has facilitated the identification and recovery of a much wider range and older set of debts than was previously the case. At the same time, the automated and fixed nature of many deductions has, in practice, significantly reduced the scope for flexibility and discretion. Deductions are also higher, and can fluctuate unpredictably, for households with earnings.¹³ Those in employment who are no longer entitled to UC will have deductions taken directly from their wage packet. In a final twist, because a complex algorithm calculates deductions monthly in arrears, as DWP online guidance explains, *'It is not possible to say before the end of an Assessment Period how much will be deducted because of the way Universal Credit is calculated'* (DWP 2022c). Claimants therefore do not receive notification about how much will actually be deducted from their UC award until a week before the benefits paid.

Range and type of deductions

Adding to this complexity, different types of debt are governed by different legislative regulations, policies and rules. For example, deductions for the recovery of UC overpayments are covered by regulation 11 of the Social Security (Overpayments and Recovery) Regulations 2013, which also provide for recovery of advance payments. UC third-party deductions are provided for by Schedule 6 to the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013. These regulations also provide rules about the maximum and minimum amount of deductions, and the period of recovery, as set out below.

Advance loans

To help tide claimants over the minimum five week wait for payment, new UC claimants, whose ID been validated, are able to request an interest free advance loan (new claim) of up to 100% the value of the estimated Universal Credit payment.¹⁴ A change of circumstance advance is also available where the change is likely to result in a significant increase in the UC payment, for example, the birth of a child. In October 2021, the recovery period for advances was extended from 12 months to 24 months. If claimants cannot afford the repayments, they can request a deferment for three months if the advance is for a new claim and one month if the advance is for a change of circumstances. However, this is only allowed in exceptional circumstances.

Policy on advances for joint claimants has changed over time. Early in the Universal Credit roll-out, joint claimants were able to arrange an advance or budgeting loan without their partner's presence or consent. In 2018, the policy changed, and both members of the couple were required to consent to an advance either verbally at the Jobcentre, over the telephone, or in writing using the online journal (DWP 2017). Revised guidance in 2020 states, *"Whilst joint claimants have joint liability for an Advance, only the claimant requesting the Advance has to confirm that their partner has agreed to the Advance request and recovery terms."*¹⁵ The most recent online guidance, updated in April 2022, states: *'If you are part of a couple you will also be asked if your*

partner agrees to the advance'.¹⁶ This suggests that the policy may have reverted to the pre-2018 position, allowing one partner in a couple to take out an advance loan without necessarily informing or obtaining the consent of the other.

Budgeting loans

Repayable budgeting loans have replaced Social Fund loans and are intended to help claimants cover unforeseen expenses. There are fixed minimum and maximum amounts that can be borrowed and the loan must generally be repaid within 12 months.¹⁷ Up to £812 can be borrowed if the claimant is responsible for children, while the lowest amount that can be borrowed is £100.¹⁸ Only one advance or budgeting loan is payable at any one time and the amount must be repaid in full before any further loans can be made. Again, this contrasts with Social Fund loans which could be taken out concurrently.

Hardship payments

Claimants who are sanctioned and cannot pay for rent, fuel bills or food can request a hardship payment, generally worth 60% of amount of the sanction in the previous month. Deductions to repay the loan up to the maximum allowed (currently 25%) are taken from the reinstated UC payment until the amount is repaid in full.

Benefit and tax credit overpayments

A benefit or tax credit overpayment occurs when, due to claimant fraud or error, or error on the part of the administering agency, more money was paid out than the claimant was entitled to receive, creating a debt that the claimant is obliged to repay. Because these debts are not enforced through the courts and would not result in the seizing of good or imprisonment (as is the case for council tax arrears, for example) they are not subject to any statute of limitations. The regulatory framework and policies for recovery of these debts varies depending on the particular benefit. Benefit overpayments, other than UC, are generally deducted at a maximum rate of 15%, but claimants have flexibility to reduce this to the statutory minimum of 5% (DWP 2020a). An overpayment in UC, on the other hand, is currently deducted at a fixed rate of 15% of the standard allowance. A UC overpayment is normally recoverable from the person to whom it was paid. However, where there is a joint claim, both members of the couple are treated as the payee (even though only one partner may actually receive the award) and they will both be jointly and severally liable for the overpayment (DWP 2021, p. 12). If a couple separate and they have an overpayment, the debt is apportioned 50/50 on separation (DWP 2021, p. 14).

The treatment of tax credit overpayments in UC is also less flexible than is (still) the case for HMRC. HMRC normally expect tax credit overpayments to be repaid over a year. However, claimants may be able to arrange a repayment plan for up to 10 years as long more than £10 per month is repaid. Only those requesting to pay back the debt over a period longer than 10 years are required to provide evidence of their financial situation. If £10 per month is unaffordable and will take longer than three years to pay off, HMRC can put the debt on hold for 12 months. They may, at a later date, agree to write off the

debt (StepChange 2021). Outstanding tax credit overpayments when a person starts claiming UC are passed over to the DWP and recovered from the UC payment. These are normally deducted at a fixed rate of 15% of the standard allowance until repaid.

Another key difference is that claimants of legacy benefits who disagree with an overpayment decision can request a mandatory reconsideration before formally appealing. However, UC overpayments are recoverable under legislation and a mandatory reconsideration can only be requested for the amount of the overpayment, not its recoverability. To challenge the decision, UC claimants must therefore instigate a formal appeal. Overpayment due to official error (on the part of the DWP or HMRC, for example) is also treated more stringently under Universal Credit legislation. UC overpayments are virtually always recovered, even when due to ‘official error’ (Osborne, 2021). Housing Benefit regulations, by contrast, allow for the waiving of overpayments caused by ‘official error’ in circumstances where the claimant could not reasonably have been expected to have realised that an overpayment was occurring.¹⁹

In UC, the basic rule has been that all overpayments are recoverable, however caused, and the claimant is reliant on the Secretary of State to reduce or waive the overpayment where it was caused by official error (Osborne, 2021). A recent written response to a parliamentary question showed that waivers granted for UC overpayments classed as official error in 2021/2022 amounted to a mere 5 cases where clear evidence had shown ‘substantial medical and/or financial hardship’ (UK Parliament, HC UIN 75017, 2021). In February 2022, the DWP updated its guidance on the recovery of overpayments and hardship payments, allowing for greater discretion and flexibility in waiver decisions²⁰ but it remains to be seen whether this results in an increase in the number of waivers granted.

Third party deductions

Under the Claims and Payments Regulations Act 2013,²¹ the DWP can deduct money from a claimant’s Universal Credit award, without their consent, to repay council tax and rent arrears, water charges, court fines and child maintenance and pay it directly to the relevant third party.²² The DWP effectively provides a free debt collection service and has issued detailed guidance, together with a set of online forms, for creditors wishing to access this service (DWP 2021). Landlords, local authorities, utility providers and other allowable creditors complete the online form, and the amount said to be owed for arrears and unpaid bills are deducted from a claimant’s UC payment. Other methods to recover the debt must first have been tried and there must be a threat of enforcement action, but the scheme effectively wrests control over debt repayments away from the claimant and places it with a third-party creditor.

Claimants with debts owing to more than one government body or third party can be subject to multiple deductions. Minimum and maximum percentages apply depending on the type of debt (DWP 2022a). Rent arrears are recoverable at the rate of 10–20% of the claimant’s standard allowance (The Claims and Payments Regulations 2013, Schedule 6: para.5). This compares with 5% under the legacy system. Deductions for arrears of fuel, council tax and water rates are fixed at 5% of the claimant’s standard allowance (The Claims and Payments Regulations 2013, Schedule 6, para. 8(4)). Deductions for council tax arrears are fixed at 5% of the standard allowance (Universal Credit Regulations, 2013:

Regulation 20). In the main, third party deductions cannot exceed 25% of a claimant's standard allowance without their consent, but, if less than this, consent is generally not required.

Last resort deductions

Intended to safeguard claimants who would otherwise be at risk of homelessness or of having their gas or electricity disconnected, 'last resort' deductions, for rent arrears and the ongoing cost of rent and energy consumption, are used when a decision maker considers it '*necessary to protect the interests of the claimant . . . their partner or a child*' (DWP [undated](#), p. 5). Last resort deductions can mean that the total amount taken to repay debts, current liabilities and sanctions may, under certain conditions, exceed 25% of the standard allowance. If a sanction or penalty is applied or an advance is also being deducted, last resort deductions also continue even if it means the total deductions exceed the 40% [now 25%] maximum. A priority order and complex set of minimum and maximum percentage rates of last resort deductions apply, which again vary depending on the creditor and type of debt.²³

Reductions, deferrals and pauses

Claimants in financial hardship can request a reduction or deferral in the repayments, but the circumstances in which this is allowed are more restrictive than the legacy system. For example, a reduction or referral can only be granted for advance repayments, benefit, tax credit or Social Fund debt. Deductions for third-party debts cannot be reduced or deferred. Reduction and deferral decisions for allowable debts are made on a case-by-case basis at the discretion of a DWP decision-maker and there is no right of appeal. If claimants are struggling to repay the advance within 12 months, they can request to defer repayments by three months, but such a request is only granted in exceptional circumstances. The amount deducted for rent arrears can be reduced, but only if the arrears being taken are higher than 10% of the standard allowance. However, if the amount of third-party deductions exceeds 25% of the aggregate of the UC standard allowance and payments for children, claimants must consent to the amounts being taken. Sanctions and penalties, once applied, cannot be changed.

At the start of the Covid-19 pandemic, to increase the amount of benefit money UC claimants received during the lockdown, on 3 April 2020, deductions for the recovery of Universal Credit, tax credit and legacy benefit overpayments, and Social Fund loans, was paused for three months. Deductions for advances, third party debt and last resort deductions were not paused, however and from 1 July 2020, deductions for all types of overpayment and debts were automatically reinstated.

Research findings

Methods and sample

To examine the effects of Universal Credit deductions as experienced in real-life settings, the next section draws on the findings of a three-year, ESRC-funded, two-

wave, longitudinal, qualitative research study which explored household money management and distribution, and work-care decisions, in couples with and without children. The sample comprised 90 UC claimants from 53 households located in four areas of England and Scotland that were amongst the first to roll out the Universal Credit Full Service to couples and families with children. All 90 participants were currently claiming or had previously claimed Universal Credit and/or tax credits as a couple. Of the 53 households, 39 had dependent children (30 of whom were couples and nine lone parents), eleven couples were claiming UC without children, and there were three single claimants. All the couples were in female/male relationships. The age range was between 18 and 55 years. In 31/53 households, Universal Credit was the main source of income and in 24/53 households, at least one adult was in work.

Wave one took place in late 2018/early 2019 and comprised 123 face to face interviews (88 individual and 35 joint) conducted in participants' homes. Wave two interviews, with 63 participants, took place in the Autumn of 2020 and were conducted by telephone due to Covid-19 restrictions. When wave one interviews were carried out, the maximum deduction of 40% of the standard allowance applied, while in wave two, it had reduced to 30%. Currently, the maximum rate is 25%, except where last resort deductions apply. Thematic and longitudinal analysis was conducted using MAXDQA, and a computer assisted qualitative data analysis programme.

Prevalence of deductions

Virtually all the couples in this research had experienced a reduction in their UC payment as a result of one or more deductions. Many had taken out an advance loan when moving to UC from legacy benefits or tax credits in order to bridge the wait for payment. But advance repayments were not the only, or even necessarily the largest deduction from their award. In many cases, deductions were being taken to recover benefit and tax credit overpayments incurred either during the move to UC or historically, during a previous claim, sometimes both. Deductions could also be for social fund loans taken out decades previously. Fines imposed by magistrate's courts and fixed penalty notices levied by local authorities (for littering, for example) were also occasionally deducted, although these were much less common.

While not disputing that they may have had arrears, or been overpaid in the past, many participants believed, in good faith, that their debts had been repaid or written off. In other cases, couples were entirely unaware that they owed any money. Having sometimes large amounts of up to 40% of the standard allowance deducted from their UC payment caused considerable financial difficulties. Some claimants found that the amounts deducted varied unpredictably from month to month, making it impossible to work out in advance how much would be lost from the UC payment, or to know if the amount taken was correct.

Deductions were sometimes taken in the context of high overall levels of indebtedness which pre-dated the UC claim, but in many instances, financial difficulties and debt were subsequent to claiming UC. Seven participants (five women and two men) said that they had taken out an Individual Voluntary Arrangement (IVA), debt relief order (DRO) or been declared bankrupt since claiming Universal Credit. Eighteen participants (11

women and seven men) also reported that, since claiming Universal Credit, they had got into serious debt or had been or summonsed to court for rent arrears or non-payment of council tax.

No audit trail

A particular frustration among many couples was an inability to identify how, why or when specific debts had been incurred, a finding reflected in other research (StepChange 2017). A common complaint was that they had received no information about the source of the debt, how it had arisen or how much was owed. When one family's UC payment stopped without notice, the couple were told it was due to a £700 debt about which they had no prior knowledge.

I don't like owing anybody, I don't like having debt . . . When I got that letter saying we owed £700 . . . I was nearly floored, I was like . . . why do we owe this? What do we owe it for? . . . And it was horrible, knowing that you owed something that you knew nothing about.

[Female, single-earner couple, two children]

While this debt was being investigated, the couple reclaimed UC, but deductions were again taken from their first reinstated payment. With only seven days' notice given of the amount they would receive, it was too late to challenge the decision:

They totally closed the account . . . it's took them months to give me an answer . . . I must have phoned multiple times . . . We [reclaimed] and got our next statement and they'd took £127 off us for this debt, and I was like . . . you shouldn't be taking anything off us until we know what this is for . We didn't even have [any notice] because . . . you get your statement a week in advance but you can't amend it, you can't phone them and say . . . don't take this £100, because it's already been taken, so you're stuck until the next month.

[Female, single-earner couple, two children]

The stress and time it had taken to resolve the problem had taken its toll on the couple's relationship. As the male partner explained:

We've argued over it because she's got frustrated with them . . . It's just very stressful, very tedious and then we take it out on each other . . . and it'll cause tension in the house and it's something we both don't want . . . It has [affected our relationship] I'm not going to lie, it has.

[Male, single-earner couple, two children]

Several couples testified to the lack of notification about overpayments and debts they were said to owe. The online UC statement provided no information about the amount being recovered, or the period of recovery.

We have something coming off our money that was from 2009, a budget loan apparently . . . We have no record of this . . . We can't debate it because we've no idea whether we got one.

[Female, no-earner couple, two children]

The historical nature of many debts, sometimes dating back decades, made it hard to challenge both the legitimacy of the debt and the amount being deducted.

The deductions are . . . overpayment to HMRC, which I had a huge war with because . . . I have been in the dark . . . I've had no letter, I've been unable to know what I still owe . . . I should have been notified . . . what my overpayment amount was, they should have been sending me letters saying that I still owe this . . . or this has now been cleared. I never got that.

[Male, no-earner couple, no dependent children]

Similarly sparse information was provided in relation to civil penalties:

I was also hit with a civil penalty for fifty quid. I don't know what the civil penalty was for, nobody's told me.

[Male, no-earner couple, no dependent children]

Many of those subject to deductions were adamant they were not liable for, or had already repaid the debts, but with no documentation, they had no means of proving it:

I can't prove that I was never in Tax Credits debt, and they just say that I am and I've got no other choice but to pay it, even though I've queried it.

[Female, single-earner couple, three children]

Debts with no clear 'audit trail' also meant it was difficult to secure help from welfare rights advisers or debt advice organisations. Journal messages and repeated calls to UC telephone helplines rarely yielded results; staff seemed to have no more information than claimants did:

Years ago . . . I was on Incapacity Benefit . . . and because it's a joint claim now, they're going to start taking money from us . . . [My partner] is phoning them trying to find out . . . why they've been taking the money . . . We just can't get an answer . . . they can't actually say why they've been taking it . . . I thought when I was working it was being paid off from my earnings . . . so I can't see why I still owe them money.

[Male, two-earner couple, two children]

With deductions calculated and taken automatically at source, DWP staff often had little information about how and when the debt had arisen, and no ability to investigate or verify the amount that claimants were said to owe, together with limited scope for flexibility or discretion. Claimants were typically referred to DWP Debt Management, but the systems there seemed to operate independently of UC, and participants often found the staff to be unsympathetic and unwilling or unable to help:

It's very hard because I contacted UC . . . on my journal . . . I got a message back saying, we can't deal with this, it's debt management . . . It took me fifty odd minutes to get through . . . He wasn't very sympathetic . . . He just said, "No, it's too late, sorry".

[Female, single-earner couple, two children]

Partner inherited debt

A particularly iniquitous aspect of the deductions policy, as far as couples in this research were concerned, was joint liability for repaying their partner's debts. The sense of unfairness was that more acutely felt when these 'sexually transmitted' or 'inherited'

debts related to a period before the couple had met, or when they had been in a previous relationship.

They class it as joint money, don't they? ... But even if you're married and someone dies, the debt dies ... So I just don't understand how they can legally take the money.

[Male, single-earner couple, two children]

Liability for repaying the debts of their partner's former spouse or ex-partner seemed to be particularly egregious and unjust. Only after separating did one female participant discover that her ex-partner – her children's father – though working at the time, had failed to pay the council tax on the flat in which they had a joint tenancy. Still living in the property after they separated, she was visited by debt collectors who informed her that she was liable to pay the arrears.²⁴ Her ex-partner, still working, was no longer claiming benefits and could not be located. Now with a new partner and with a new joint claim for Universal Credit, debt repayments to recover the council tax arrears were deducted from this couple's award. Also deducted were repayments for an advance loan that her ex-partner had taken out when they first claimed UC:

[My current partner] is affected by it as well ... All the debt that we ever got ... when I was in a relationship with the kids' dad now comes off our money, so any like crisis grants ... budgeting advance, community care grants, are all coming off our money ... [out of] £1,300 ... it's usually £300 deductions ... And there's Council Tax, we're paying a massive bill that I thought my ex-partner was paying when he was working ... We had people come out to the house and say it was never paid ... I didn't have no idea about it ... It's £50 a month taking it off [for] that.

[Female, no-earner couple, two children]

In another case, a male participant did not realise that his ex-wife had continued to claim tax credits after the couple had separated. Almost a decade later, when he and his new partner claimed UC, deductions were taken to repay half the tax credit overpayment on the joint claim with his former spouse. He challenged his liability for the debt but was told the original decision was correct:

[Former wife got] Working Tax Credit after we've divorced ... [Me and my current partner] have just finished paying it off ... That's come out of Universal Credit ... Apparently it's the law ... I was on that claim, so I was liable ... even though I was separated ... We were arguing with them about it, they says, no you have to pay it.

[Male, no-earner couple, two children]

The same couple had a further deduction taken from their award to repay council tax arrears run up by the male partner's flatmate five years before he had even met his current partner:

We shared a flat ... [my flat mate] didn't pay [the council tax] ... I had my own tenancy agreement and he had his ... they says, 'yeah, but you were both in the same flat, so you're liable to pay' ... So I had to pay up his council tax arrears.

[Male, no-earner couple, two children]

Another couple was having deductions taken for old Social Fund loans that the female partner had taken out as a lone parent nearly two decades before she met her current husband:

We've been together fifteen years now. Old Social Fund loans . . . it's £86 a month they take for that . . . that's before we met! . . . I don't understand why they've not chased it before now.

[Male, no earner couple, no dependent children]

Multiple deductions for debts incurred long before she met her current husband left them with insufficient income to live on:

Universal Credit . . . was like overpayments for this, loans for that . . . as far back as the nineties . . . A lot of them was council tax [from] way back but to get all pouring into you . . . when suddenly you're not working . . . it's hard to pay anybody . . . It just overwhelmed me, that I didn't know how to deal with it . . . It's degrading.

[Female, no-earner couple, no dependent children]

Her husband recounted his resentment at the enforced liability for his wife's debt from before they had even met:

They were taking that much money off us . . . there was nothing left to give us a month, and that's why we were advised to go bankrupt . . . Even in the nineties, they were going . . . way back as far as that . . . [my wife] had debts years ago for the Council Tax . . . It wasn't my debt, but I was getting hit for it . . . It's unfair . . . it's penalising the two of us but it's the system . . . you've not got a say in it, they just take it off.

[Male, no-earner couple, no dependent children]

Prior to claiming UC, this couple had been employed virtually all their working lives. They questioned why debts were being recovered at a time when they were least able to afford the repayments. To reduce the level of deductions, the female partner was advised by a debt advice worker to declare herself bankrupt, which she did. This restored the UC payment to a more liveable amount, but the perception of being penalised for being a couple was forcing them to consider whether they would be better off separating and claiming benefits as individuals:

I says to [husband] to be quite honest, you'd be as well buggering off and being on your own . . . But we shouldn't have to make that decision because we're being penalised for being a couple.

[Female, no-earner couple, no dependent children]

Last resort and third-party deductions

Multiple deductions, taken concurrently, over which claimants had little control and seemingly few means of legitimately challenging, caused serious financial hardship and emotional distress. In these situations, it was unclear how, by whom or even if, any 'best interest' assessment had been undertaken; claimants had rarely consented to the amounts being taken or been consulted about their ability to pay, a finding reflected in other research (Bennett-Clemmow *et al.* 2022). Third party deductions could also increase without notice, driving claimants already under serious financial pressure into further difficulties:

This last month, how much they take off for rent arrears . . . the percentage went through the roof. Don't know why that happened, it wasn't requested by us to be paid any higher . . . all we'll have left is £36 for food.

[Male, no-earner couple, no dependent children]

Several participants who had agreed debt repayment plans at a magistrate's court after receiving eviction notices or repossession orders, found that the monthly amount they had agreed to pay was ignored or overturned, with much larger repayments than they could afford automatically deducted from the UC payment with no notice and no apparent account taken of their ability to pay:

We ended up in . . . £1500 worth of rent arrears because when I first went on Universal Credit they didn't pay me for two months . . . They were going to seek possession . . . £100 [was the amount] Universal Credit decided to pay towards my [rent] arrears but the court order says it's £43, so . . . they've taken too much but Universal Credit said there's nothing they can do.

[Female, single-earner couple, two children]

Though intended to reduce the risk of homelessness and disconnection, last resort deductions could reduce household income to below the level needed to cover basic living expenses. With insufficient money to live on, some affected couples were obliged to use food banks. Others borrowed money from doorstep and payday lenders at high rates of interest, paradoxically adding to their indebtedness.

Deferrals and reductions

Deferral and reductions are intended to make deductions affordable for claimants experiencing financial difficulty. However, this research found many claimants were unaware of their entitlement to deferrals and reductions, and significant inconsistency in the way discretion was being applied. Whereas the requests of some participants to reduce or defer the amounts being deducted were responded to favourably, in other cases, they had been refused:

I've asked them time and time again to lower them payments . . . they won't, they won't do it . . . After rent . . . council tax . . . gas, electric, we're lucky if we've £300 for the month.

[Female, no-earner couple, one child]

Some variability in practice may reflect the type of debt – as explained previously, only certain debts can be reduced or deferred; some have fixed amounts or minimum percentages automatically applied, which DWP staff have no authority or ability to change. However, participants in, *prima facie*, similar circumstances were sometimes dealt with quite differently. Which debts could be deferred and reduced and which could not, was also rarely communicated to claimants. Nor were claimants routinely informed that reduction and deferral decisions automatically lapsed after six months. With only seven days' notice given of the monthly payment, by the time UC statements are issued, it was too late to challenge the deduction until the following month:

About six months later, we looked at our statement and £124 had gone out for this debt . . . So I was back on the phone, 'oh you've got to renew it . . . every six months' [they said]. I was like and when did you tell me that? . . . You can't just take money and not like give us any advance warning, we rely on that money.

[Female, single-earner couple, three children]

Claimants whose deductions had stopped due to bankruptcy, or a DRO or IVA, also sometimes found their UC deductions automatically taken or reinstated without notice:

[I had an] overpayment of Tax Credit, this is from years ago . . . I had UC on my case, they took money out of my benefits that they shouldn't have taken because . . . they knew about the debt relief order . . . but they denied they knew about it . . . It's only £43 but that's a lot of money for us.

[Female, single-earner couple, two children]

Some participants, whose deductions had been temporarily suspended during the pandemic, said they were not aware, and had not received any official notification, that they would restart so soon. With monthly deductions of almost £200 reinstated without notice, one family, in which both parents worked, were forced to use a food bank:

We had social fund loans, before we were working, many years ago, and they've taken it direct out of our UCs . . . but they stopped it during the pandemic . . . then they never contacted us to let us know it was restarting again . . . They've taken £198 out this month! . . . They never notified [us] . . ., they just started taking it again . . . We've been to a food bank this month . . . it's just a nightmare.

[Female, single-earner couple, three children]

Those able to negotiate reductions and deferrals also found that this could be a double-edged sword. Though helping to resolve a short-term financial crisis, the easements did not address the longer-term, underlying issue of having insufficient income to live on. Some couples were using budgeting loans, intended for emergencies, to help bridge the gap between their UC payment and what the family needed each month to pay their basic living expenses. This then generated another debt to be deducted from the UC payment, perpetuating the cycle of indebtedness. The additional time taken to pay off debts could also be demoralising, especially if there was no prospect of any material improvement in the family's financial situation before the end of the deferment period:

We got them to defer some [deductions] . . . because . . . we were going to have no money for Christmas, but now we're kind of regretting it because it's just taking ages to get paid off.

[Male, no-earner couple, two children]

Relationship and gendered effects

The stress and worry that often accompanied deductions, together with the sense of injustice over debts inherited from a partner, frequently spilled over into couple's relationships:

I feel so overwhelmed . It's constant . . . money, that's all we argue about, all we talk about in this house is money.

[Female, no-earner couple, two dependent children]

The resentment on the part of 'innocent' partners, as they saw it, who were obliged to repay debts not of their own making, could sometimes cause relationship instability.

I'm paying back all [my partner's] loans . . . £175 . . . that's [all we get] for the two of us . . . It's such a high amount to pay back . . . they're just putting me in a bigger hole . . . I've never felt so low . . . We argue a lot since we've been on this joint claim, a lot more. Because . . . I sort of resented [him] . . . like 'I've lost all this money because of you' . . . I was feeling that low, I was blaming him and it wasn't even his fault.

[Female, no-earner couple, no dependent children]

More likely to be the recipient of the UC payment, it was also more typically the woman in the couple who experienced a reduction in their income due to deductions. This differential impact on the partners could be a source of tension, particularly when only one partner (more typically the male) was earning, or where the earnings of one partner were greater than those of the other. Because women typically had greater day to day responsibility for household budgeting, they also tended to be disproportionately affected by extra time, effort and stress frequently involved in servicing deductions and debts. One female participant said that arguments about money and debts when claiming UC with her partner had been a key factor in the breakdown of the couple's relationship. Now claiming as a lone parent, she said she felt more financially secure than when she had been when claiming jointly:

It caused a lot of arguments because I would be constantly stressed out and not sleeping . . . worrying about money and debts . . . bills to pay, keeping the family afloat . . . I used to say to my partner . . . you get to go out to work and your worries are left there at the door and my worries are still here because I'm in the home and having to worry about what needs to be paid and what doesn't! . . . It caused a huge rift between me and my partner . . . Benefits drives families apart . . . I'm more secure and I know what I'm getting [as a lone parent].

[Female, single earner couple (formerly), one child]

It was not uncommon for women participants, in particular, to say that their mental health had suffered since claiming UC.

My depression's got hundred times worse since I've been put on this Universal Credit, my mood's just dipped . . . I take control of the money and everything because . . . he's quite forgetful with numbers . . . and he's no good with money . . . I try and budget the money, what little we do have.

[Female, no-earner couple, no dependent children]

Mothers, in particular, worried that the family's difficult financial circumstances would come to the attention of social services, raising the spectre of children being taken into care:

We've got a food parcel coming today . . . if they're thinking I'm getting food parcels, maybe they're thinking I'm not coping with being a parent and then I'm going to end up with a social worker . . . Mentally it's destroyed me . . . I constantly worry my kids will be taken away from

me . . . because obviously if I can't feed them, I can't have them . . . I've no carpet, and that goes really bad for you . . . it's a genuine possibility that if I continue the way we're going . . . I think I'll lose my kids.

[Female, no-earner couple, two children]

Such concerns were not misplaced. One couple, unable to carpet or furnish their home adequately after incurring overpayments and arrears during the move to UC, had been referred to social services when an anonymous caller accused them of neglecting their children. With a high level of deductions for tax credit overpayments and council tax arrears, and with her UC claim subject to the two-child limit, another mother living in poor housing conditions, had recently had her four children placed on the child protection register. A further three couples in the research with no dependent children on the claim were in fact parents whose children had been removed by social services.

Discussion and policy implications

Evidence from this research suggests that deductions, based on automated and fixed repayments, and which take little account of a claimant's ability to pay or the financial hardship caused, may be driving the very indebtedness the policy is intended to ameliorate. Income inadequacy, financial hardship and stress, in turn, is adversely affecting claimants' mental well-being and destabilising some couple's relationships. Deductions affect both men and women, but women can be disproportionately affected because they tend to remain in the family home when relationships end. Women with children are also more likely to be claiming means-tested benefits. For both these reasons, they are often easier to trace and recover debts from than their former partners. Women in low-income households also tend to be responsible for managing the family's day to day finances (Lister 2005), so often carry the additional administrative and emotional burden associated with managing and servicing debts when couples separate.

Research to date has highlighted the financial hardship that deductions for debts can cause for individual claimants. This research shows the disproportionate and inequitable effects deductions can have on couples, and on the different partners. Debt charities, third sector organisations and some politicians have called for a further lowering of the maximum rate of deduction from UC, together with a relaxation of blanket policies stipulating fixed minimum and maximum recovery rates. However, while greater flexibility in the ability of claimants to negotiate more affordable deduction levels would help to alleviate financial hardship, issues of how much is deducted and over what period of time are only part of the picture. More fundamental questions include whether, and under what circumstances, it is appropriate to make deductions at all. Lack of transparency and reduced discretion in the way deductions are captured, calculated and administered, due to increased automation and use of algorithms, may thus be undermining claimants' legal rights and access to justice. This lack of transparency, together with the historical nature of many debts, has led a number of commentators and politicians from cross the political spectrum to call for long-standing benefit and tax credit overpayments to be written off. A recent inquiry into Universal Credit by the House of Lords Economics Committee concluded that the Government should, '*write off historic tax credit debt that is owed by Universal Credit claimants The Government should not jeopardise the*

financial security of claimants by seeking its recovery' (House of Lords Economic Affairs Committee 2020, p. 45).

With growing acknowledgement of the detrimental effects that debt, debt recovery policies and debt collection practices have on people's lives, there are clear indications that the Government may be open to change. Alongside reductions in the maximum rate of deductions, HM Treasury's Breathing Space initiative, which started in May 2021, aims to include all debts to DWP over time (HM Treasury 2019, p. 12). Intended to promote fairness in debt collection, and regulatory rules that emphasise transparent recovery and collection practices, the scheme grants people struggling to repay their debts a 60 day respite period during which creditor enforcement action is suspended, allowing them time to access debt advice. However, although the scheme includes benefit overpayments, UC advances and third-party deductions are currently excluded (HM Treasury 2019, p. 17).

Castigated as 'worst in class' in a recent House of Commons briefing paper (House of Commons Work and Pensions Committee 2022), government debt collection practices stand in stark contrast to policies designed to ensure fairness and affordability through increased regulation of the consumer credit sector. Financial Conduct Authority (FCA) rules introduced in 2014 now require consumer credit firms to assess a customer's creditworthiness and ability to pay before lending: *'In particular, the firm must be reasonably satisfied that the customer can afford the repayments and there will be no adverse impact on their overall financial situation'* (HM Treasury 2019, p. 3). Extending a similar regulatory framework to deductions in UC would go a long way towards ameliorating the current set of arrangements.

Another policy option which third sector organisations and others have called for includes the conversion of advance loans in Universal Credit to non-repayable grants (Patrick and Lee 2021), as recently enacted in Northern Ireland. A further reform would be to accord greater priority to debt repayment plans agreed by claimants at a magistrate's court. Poor and infrequently reported DWP statistics about deductions, and the government's over-reliance on parliamentary questions for placing information about deductions in the public domain, also needs addressing. More pressingly, with the number of UC claimants set to rise by a further 3 million as people are migrated across to UC from legacy benefits and tax credits, pausing deductions, as happened during the Covid-19 pandemic, would be a swift and readily implementable measure to offer some respite during the current cost of living crisis (Griffiths 2022b); a measure recently called for by the House of Commons Work and Pensions Committee (House of Commons Work and Pensions Committee 2022). Longer term, a full root and branch review of deductions policy, together with the underpinning public law framework, is clearly needed if the adverse financial and emotional impacts highlighted here, and in other studies, are to be mitigated.

Notes

1. The six 'legacy' benefits UC is replacing are: Income-Related Employment and Support Allowance, Income-Based Jobseeker's Allowance, Working Tax Credit, Child Tax Credit, Income Support and Housing Benefit for those of working age.

2. Entitlement is made up of a standard allowance with different levels of payment for single and joint claimants, and those aged under 25 and over 25, plus additional elements, where relevant, towards the cost of housing, children, childcare, disability and caring responsibilities.
3. Technically, a sanction is a reduction in Universal Credit entitlement, not a deduction. Any sanctions or civil penalties incurred by the claimant reduce the award before deductions are applied.
4. Net earnings reduce the UC award by 55 pence for each pound of net earnings above any earnings disregard – known as a work allowance – for which some claimants with dependent children and/or limited capacity for work may be eligible. Prior to December 2021, the taper rate was 63%.
5. In April 2022, for a single person aged over 25, this equated to a maximum monthly deduction of £83.73. For a couple over 25, it was £131.43.
6. The term ‘sexually transmitted debt’ is used in the academic literature (see for example, Fehlberg 1997), to refer to a situation in which a spouse or partner (usually female) provides financial security to a lender, or takes on the debt(s) of her husband or partner, whether knowingly, unknowingly, with or without coercion. Here the term is used to refer to debts ‘inherited’ by one or both partners in a couple claiming means-tested benefits jointly. The debt is ‘transmitted’ when they live together in the same household due to the treatment of couples as single benefit unit in UK social security law.
7. The Social Fund provided interest-free government-funded crisis loans, budgeting loans and community care grants to claimants of certain means-tested benefits. Crisis loans and community care grants were abolished in 2013 with these elements devolved to local authorities. Outstanding Social Fund debts were transferred to UC in 2013.
8. These are: Benefit Transfer Advance, Budgeting Advance, Change of Circumstances Advance, New Claim Advance, DWP Benefit Fraud Overpayments, DWP Benefit Overpayments, DWP Recoverable Hardship Payments, Housing Benefit and DWP Administrative Penalties, Housing Benefit and DWP Civil Penalties, Housing Benefit Fraud Overpayment, Housing Benefit Overpayment, Social Fund Loans, Tax Credit Overpayments, Child Maintenance, Council Tax Arrears, Electricity Arrears, Electricity Ongoing Consumption, Eligible Loan Arrears, Fines, Gas Arrears, Gas Ongoing Consumption, Home Office Integration Loan Arrears, Rent or Service Charge Arrears, Water Arrears, Water Ongoing Consumption
9. As later discussed, the recovery of benefit overpayments is subject to various legislative rules and limitations.
10. ‘If you’re struggling, you can ask for a financial hardship decision to reduce the amount of benefit you pay’ (DWP 2020b).
11. Response to HC UIN 113275 (2020) indicates that of the 41% of UC claims with a deduction, 26% had only advance repayments, 10% had advance repayments and deductions for other debts (e.g. third party deductions), and 5% had only deductions for other debts.
12. Giving evidence in the House of Lords, Garry Lemon, Director of Policy, External Affairs and Research at the Trussell Trust, stated that in February 2019 there were 30,000 claimants who had more than 40% deducted from the UC payment (House of Lords Economic Affairs Committee 2020, p. 44).
13. For example, the maximum deduction rate for overpayments is normally 15% of the claimant’s UC Standard Allowance. Where there are earnings, this can be increased to 25% if the monthly household earnings are above £60 (DWP 2022b, p. 80).
14. <https://www.gov.uk/guidance/universal-credit-advances>
15. https://data.parliament.uk/DepositedPapers/Files/DEP2020-0646/06._Advances_New_Claim_v12.0.pdf
16. <https://www.gov.uk/guidance/universal-credit-advances>
17. Social Security (Payment on Account of Benefit) Regulations 2013
18. <https://www.gov.uk/budgeting-help-benefits/what-youll-get>

19. Reg 100 Housing Benefit Regulations 2006
20. <https://www.gov.uk/government/publications/benefit-overpayment-recovery-staff-guide/benefit-overpayment-recovery-guide#chapter-8>
21. <https://www.legislation.gov.uk/ukxi/2013/380/schedule/6/made>
22. Different rules apply in England, Wales and Scotland.
23. http://data.parliament.uk/DepositedPapers/Files/DEP2019-0465/Deductions_priority_order_v2.0.pdf
24. In shared tenancies, Council Tax liability is joint and several.

Acknowledgments

I am deeply grateful to all the couples and lone parents who participated in this study and were willing to share their experiences with us. Thanks are also due to the ESRC and the University of Bath, who funded the research, and to Jane Millar, Fran Bennett and Marsha Wood, who were key members of the research team.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This research was funded by the Economic and Social Research Council under grant ESRC ES/R004811/1, and the University of Bath. The official title of the project is Couples balancing work, money and care: exploring the shifting landscape under Universal Credit and the funders were the ESRC and the University of Bath. <https://gtr.ukri.org/projects?ref=ES%2FR004811%2F1>

References

- Ben-Galim, D., 2022. *Deductions: driver of poverty: the case for reform of deductions from Universal Credit payments*. Lloyds Bank Foundation. May. <https://www.lloydsbankfoundation.org.uk/media/h1adbmzu/deductionsreport.pdf> [accessed 24-10-22]
- Bennett, F., 2018. Gender and social security. In: J. Millar and R. Sainsbury, eds. *Understanding social security*. 3rd edn. Bristol: Policy Press, 99–117.
- Bennett, F., 2020. How government sees couples on Universal Credit: a critical gender perspective. *Journal of Poverty and Social Justice*, 29 (1), 3–20. doi:10.1332/175982720X16022658214309
- Bennett-Clemmow, A., Oguntimehin, J., Steeden, G., Jefferies, S., et al., 2022 February. *Debt to government, deductions and destitution: qualitative research report*. London: The Trussell Trust <https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/02/Debt-to-government-deductions-and-destitution-qualitative-research-report.pdf> [accessed 24-10-22]
- Borland, H., (2019) Universal struggle: disabled man given just 1p to live on over Christmas. *The Sun*, 2 January 2019 2022 <https://www.thesun.co.uk/money/8101844/universal-credit-1p-live-christmas/> [accessed 08-01-22]
- Christians Against Poverty (CAP), 2019. *Checking in: debt and universal credit, cap clients' experiences of universal credit so far*. London: CAP.
- Drake, C., 2017. *Universal credit and debt. Evidence from citizens advice about how universal credit affects personal debt problems*. London: Citizens Advice.
- DWP (2017). *Guidance: universal credit advances*. London: Department for Work and Pensions. <https://www.gov.uk/guidance/universal-credit-advances#how-to-apply-for-a-universal-credit-advance> [accessed 17-04-22]

- DWP (2020a) Benefit overpayment recovery guide A reference guide to the recovery of overpaid DWP administered Social Security benefits and penalties, including recovery of advances and hardship payments, Version 2.60, London: Department for Work and Pensions https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938849/benefit-overpayment-recovery-guide.pdf [accessed 08-01-22]
- DWP (2020b) Guidance: find out about money taken off your universal credit payment, 8 October 2020, Department for Work and Pensions <https://www.gov.uk/guidance/find-out-about-money-taken-off-your-universal-credit-payment> [accessed 08-01-22]
- DWP (2021), Third party payments creditor and supplier handbook, London: Department for Work and Pensions <https://www.gov.uk/government/publications/how-the-deductions-from-benefit-scheme-works-a-handbook-for-creditors/universal-credit-third-party-payments-creditor-and-supplier-handbook> [accessed 10-01-22]
- DWP (2022a), Completing the move to universal credit, Policy paper 6th June 2022, Department for Work and Pensions <https://www.gov.uk/government/publications/completing-the-move-to-universal-credit/completing-the-move-to-universal-credit-2> [accessed 02-08-22]
- DWP (2022b April), Completing the move to universal credit: our 2022-24 strategy for implementing the final phase of universal credit, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1076130/completing-the-move-to-universal-credit.pdf [accessed 25-06-22]
- DWP (2022c), Benefit overpayment recovery guide: a reference guide to the recovery of overpaid DWP administered Social Security benefits and penalties, including recovery of advances and hardship payments, Version 2 8 April 2022, Department for Work and Pensions https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1069584/benefit-overpayment-recovery-guide-06-04-2022.pdf [accessed 20-05-22]
- DWP, 2022d. *Universal Credit: Third party payments creditor and supplier handbook*, Updated 29 April 2022,. London: Department for Work and Pensions. <https://www.gov.uk/government/publications/how-the-deductions-from-benefit-scheme-works-a-handbook-for-creditors/universal-credit-third-party-payments-creditor-and-supplier-handbook> [accessed 24-06-22]
- DWP, undated. *ADM chapter D2: third party deductions UC, JSA & ESA*. London: Department for Work and Pensions. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1034593/admd2.pdf [accessed 22-06-22]
- EWHC 608 (Admin) [2021], Case nos: CO/820/2020 and CO/1616/2020 <https://www.bailii.org/ew/cases/EWHC/Admin/2021/608.html>
- Fehlberg, B., 1997. Money and marriage: sexually transmitted debt in England. *International journal of law, policy, and the family*, 11 (1997), 320–343. doi:10.1093/lawfam/11.3.320
- Fitzpatrick, S., et al., 2018. *Destitution in the UK*. York: Joseph Rowntree Foundation.
- Graven, A., 2021. Universal credit and third party deductions: the rules and their impact on claimants. *Social Policy & Society*, 20 (1), 33–43. Cambridge: Cambridge University Press. 10.1017/S1474746419000563.
- Griffiths, R., (2022b June), COL0009, written evidence submitted to the house of commons work and pensions committee inquiry into the cost of living, <https://committees.parliament.uk/writtenevidence/109176/pdf/> [accessed 10-08-22]
- Griffiths, R., Wood, M., Bennett, F., Millar, J., et al., 2022a. Couples navigating work, care and Universal Credit (1.0). Institute for Policy Research, University of Bath. <https://doi.org/10.5281/zenodo.5718826>.
- Gustaffson, J., 2017. Universal credit and debt - turning non-priority into priority. *Quarterly Account*, 45, 14.
- HM Treasury, 2019. *Breathing space scheme: reponse to policy proposal*. London: HMSO. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810058/____17June_CLEAN_response.pdf [accessed 15-08-22]
- House of Commons Work and Pensions Committee, (2022), *The Cost of Living, Second Report of Session 2022–23*, 20 July 2022 <https://committees.parliament.uk/publications/23272/documents/169744/default/>

- House of Lords Economic Affairs Committee (2020) 2nd report of session 2019–21 HL paper 105, 31 July 2020, *Universal Credit isn't working*, London: House of Lords
- The Housing Benefit Regulations, 2006. <https://www.legislation.gov.uk/uksi/2006/213/contents/made>
- Jayanetti and Savage (2018) A third of UK's universal credit claimants hit by deductions from payments, *The Guardian*, 11 August 2018 <https://www.theguardian.com/society/2018/aug/11/third-of-universal-credit-claimants-face-payment-deductions> [accessed 04-09-21]
- Kirwan, S., 2021. In: S. Schwartz, Editor. *Benefits overpayments and the criminalisation of female poverty, in oppressed by debt: government and the justice system as a creditor of the poor*. London and New York: Routledge.
- Lister, R., 2005. *Women's and children's poverty: making the links*. London: Women's Budget Group (WBG).
- Osborne, S., 2021. Overpayments and official error. *Child Poverty Action Group*, 242 (October 2014). accessed 15-06-22: https://askcpag.org.uk/content/200145/overpayments-and-official-error#refendnote_200145_2
- Patrick, R. and Lee, T. (2021) Advance to debt: paying back benefit debt – what happens when deductions are made to benefit payments? <https://covidrealities.org/learnings/write-ups/debt-deductions> [accessed 13-05-22]
- Public Accounts Committee (2020) Oral evidence: department for work and pensions accounts 2019–20, HC 681, Thursday 24 September 2020, London: House of Commons <https://committees.parliament.uk/oralevidence/987/pdf/>
- The Social Security (Payment on Account of Benefit) Regulations 2013. <https://www.legislation.gov.uk/uksi/2013/383/made>
- SSAC, (2007), Third Party Deductions (TPDs): time for a policy review, social security advisory committee Occasional Paper No. 5 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/323533/ssac_occasional_paper_5.pdf [accessed 15-06-22]
- StepChange, 2017, Briefing on third party deductions, StepChange Debt Charity <https://www.stepchange.org/Portals/0/documents/Reports/briefing-paper-third-party-deductions.pdf> [accessed 21-May-22]
- StepChange (2021) Tax credit overpayments. Debt advice <https://www.stepchange.org/debt-info/tax-credit-overpayments.aspx> London: StepChange. [accessed 04-07-22]
- StepChange, (2022), Hardship by design? How to end unaffordable debt deductions, StepChange Debt Charity <https://www.stepchange.org/Portals/0/assets/deductions/hardship-by-design-unaffordable-benefit-deductions-briefing-june-22-stepchange.pdf>
- UK Parliament (2021) HC UIN 183058, tabled on 19 April 2021, Universal Credit: deductions, department for work and pensions, written questions answered on 21 April 2021 <https://questions-statements.parliament.uk/written-questions/detail/2021-04-19/183058> [accessed 10-February-22]
- UK Parliament HC UIN 113275 (2020), tabled on 9 november 2020, Universal Credit, London: department for work and pensions written questions answered on 12 November 2020 <https://questions-statements.parliament.uk/written-questions/detail/2020-11-09/113275> [accessed 02-February-22]
- UK Parliament HC UIN 113275 (2020). Universal credit: question for department for work and pensions. <https://questions-statements.parliament.uk/written-questions/detail/2020-11-09/113275> [accessed 08-January-22]
- UK Parliament, HC UIN 20637 (2020), answer to written question for department for work and pensions, tabled on 25 february 2020, written questions, answers and statements, London: UK Parliament, <https://questions-statements.parliament.uk/written-questions/detail/2020-02-25/20637> [accessed 27-08-21]
- UK Parliament, HC UIN 224493 (2019) Written questions, answers and statements, to question for department for work and pensions, tabled on 21 february 2019, answered on 15 Many, 2019. <https://questions-statements.parliament.uk/written-questions/detail/2019-02-21/224493> [accessed 27 November 21]

UK Parliament, HC UIN 33038, (2022), Universal credit, question for department for work and pensions, UIN 33038, tabled on 8 July 2022, answered on 14 July 2022 <https://questions-statements.parliament.uk/written-questions/detail/2022-07-08/33038> [accessed 03-June-22]

UK Parliament, HC UIN 61197(2021) Written questions, answers and statements, tabled on 22 October 2021, question for department for work and pensions social security benefits: deductions, answered on 4 November 2021 <https://questions-statements.parliament.uk/written-questions/detail/2021-10-22/61197> [accessed 27-November-21]

UK Parliament, HC UIN 75017, (2021) Written questions, answers and statements, UIN 75017, tabled on 15 november 2021, question for department for work and pensions social security benefits: deductions, answered on 18 November 2021 <https://questions-statements.parliament.uk/written-questions/detail/2021-11-15/75017> [accessed 23-June-22]

UK Parliament, UIN HL54 (2021), Universal credit: deductions, tabled on 11 may 2021, department for work and pensions written question – answered on 25 May 2021. <https://questions-statements.parliament.uk/written-questions/detail/2021-05-11/HL54> [accessed 26-June-22]

The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013, UK statutory instruments, 2013 No. 380 schedule 6, deductions from benefit and direct payment to third parties. <https://www.legislation.gov.uk/uksi/2013/380/schedule/6/made>

The Universal Credit Regulations 2013. <https://www.legislation.gov.uk/uksi/2013/376/contents>

The Welfare Reform Act 2012. <https://www.legislation.gov.uk/ukpga/2012/5/contents/enacted>