

Checking in: applying and waiting for Universal Credit

CAP clients' experiences of Universal Credit so far

Applying and waiting for Universal Credit

Debt and Universal Credit

Living and working on Universal Credit

This paper is the first in a series looking at the experiences of CAP clients in receipt of Universal Credit. Currently only 12% of the final caseload are in receipt of the benefit but there are emerging issues affecting many of these early claimants.¹ If left unresolved, the 7.65 million people yet to transition to Universal Credit are at risk.

While the principles and intentions of Universal Credit, to simplify the benefit system, are widely supported, the implementation is a huge task and there are clear pain points in the system design that are causing hardship for too many people. This paper focuses on the period up until a claimant receives their first Universal Credit payment. Semi-structured interviews with nine early claimants, and case studies from CAP's Debt Help service users, provide an illustration of the challenges faced by claimants across the UK.

There are three key hurdles to overcome at the first stage of a claim: accessing the digital application form, successfully making a claim and coping financially and emotionally until payments begin. Conversations with claimants about these points in their claim journey find:

- Digital exclusion is a significant challenge, with access as well as capability a key issue
- Waiting for payments to start causes financial hardship and emotional distress
- There is considerable vulnerability amongst early Universal Credit claimants



'I got a letter saying I couldn't be on JSA any longer as Universal Credit had been introduced in my area. They cancelled my Housing Benefit and I applied for Universal Credit in early June but I didn't get any money until August. It seemed longer. I was left around ten weeks without any money. I had been through a Debt Relief Order (DRO) but now I've been left in more rent arrears through no fault of my own.'

Waiting for my first payment was really stressful. I was struggling because I didn't want to take out more debt. My boyfriend helped a lot but I've always been quite independent so I found that difficult. My housing officer was also understanding and put me in touch with CAP and the food bank.

I made my claim online because I couldn't get through on the phone. I was on hold forever and I didn't have the money on my phone. I have no Internet at home so I walked to my local library which is quite far away, but I'm quite good on computers and I didn't have to wait very long for one.

The form was quite long and I only had one hour to complete it. I did struggle to remember my past addresses. It's hard to remember the postcodes and I don't have them written down. I've been homeless before and have had lots of care-of addresses, so it's hard. The ID was also tricky because I've never had a passport. I had to buy new copies of my birth certificate but the DWP did help with the cost of that.'

Debbie, 28, CAP client²

1 | As of 14 June, there are 980,000 Universal Credit claimants. DWP (2018) Universal Credit Statistics: Data to 14 June 2018.

2 | Names have been changed to protect identity.

Excluded-by-default: digital exclusion

Digital exclusion is a significant challenge for many people helped by CAP. 22% do not have access to the Internet at home, neither on a computer nor smartphone.² As Universal Credit is designed to be 'digital-by-default', difficulties making a claim online featured strongly in the interviews.³ Only a minority of participants, who had recently studied at university, had a computer with Internet access at home. A couple of other participants had Internet access on their smartphones and while they found this was sufficient, they did find some of the functionality awkward.



'It's a bit awkward with not having a computer. I have to do it all on my phone. There's different things you can do on a computer, like copy and paste, and I find it a bit difficult with just a phone.'

Universal Support has an Assisted Digital element to teach claimants how to make and maintain their claim online, however the DWP says this is not appropriate for those starting from a point of no or extremely low digital skills.⁴ This can prove highly detrimental for claimants without digital access, skills or confidence, and those who are illiterate. A DWP survey found that only 54% of claimants were able to make a claim online without help, however, those with health conditions were significantly more likely to report difficulties.⁵ This was seen amongst the CAP participants, for instance one participant relied heavily on a support worker to complete the digital aspects of this claim but not all of them have this support in place.

Overall, it was access rather than capability or skills that was the main barrier to making an application online amongst participants. Most of those without Internet access felt that they were good on computers, however the costs of devices and Internet contracts were prohibitive. While there is some provision in libraries and Jobcentres, and a couple of participants used these computers, this was felt to be inconvenient. Time restrictions were also noted as making this difficult.



'I walked to my local library and used the computers there. [It's] quite far. I'm good on computers and the local library is quite good. You don't have to wait very long but you only get an hour.'

An up-hill struggle: making a claim

Once claimants had found somewhere to complete the application, there were further hurdles to contend with. The length of the application form and the clarity of some questions was a challenge for some, particularly where participants had wider vulnerabilities. Some participants talked about difficulties understanding questions and recalling information. In particular, past addresses and employment history were problematic where there was a history of homelessness or frequent temporary contracts. This was compounded where there was a need to apply in a public space and the claimant did not have all the paperwork required to hand.

Difficulties included:

Gathering paperwork



'I had to go back and forth to the Jobcentre because they kept asking for different documents. I had to take all the paperwork in, the bank account, birth certificate, and then the very last straw was they said have you got the lease for your flat... I had to go back home and take it back in.'

Meeting ID requirements



'I didn't find it that easy, only because I've never had a passport and I had to buy new copies of my birth certificate because I lost the originals. I've only got a provisional driving licence because I can't afford to update the address on it.'

Length of application



'It could be made easier for people... It's quite a long form and some questions you have to read again and I only had one hour on the library computers so I had to get through it quite quickly.'

Understanding questions



'I nearly messed up on the Housing Benefit... they seemed to word it in a different way, like 'do you want us to pay the cost of your housing?' and I got confused and they didn't pay it but I do need it.'

Recalling information



'I had to remember previous addresses, but because I'd been homeless and couch surfing quite a lot and had different care-of addresses over the years, it's hard to remember all the different postcodes. I've not got them written down.'

2 | CAP (2017) *Offline and shut out: Digital exclusion in an increasingly digital landscape*.

3 | As set out in the DWP's Digital Strategy published in 2012.

4 | DWP (2018) *Universal Credit: Universal Support 2018/19 guidance*.

5 | NAO (2018) *Rolling out Universal Credit*.



Case study one

One client who was signposted to CAP by a support worker applied for Universal Credit after her Employment Support Allowance (ESA) claim was closed. She found the application process very difficult, having to make multiple attempts and being locked out of her online account several times. On her second attempt, she did not submit the form correctly and did not realise for several weeks. This meant she faced a long period without any income before her official five-week wait began. She did not have any support at this time because the set number of weeks the support worker had been allocated to help her had been exceeded. It subsequently became apparent she had been going through bins at night to find food and CAP stepped in to provide emergency food aid.



✓ *Beg, borrow and steal: wait for first payment*

Once a claim has been made, claimants must wait five weeks for their first payment.⁶ This is formed of a one-month assessment period because Universal Credit is paid in arrears, and then seven days to process the payment. Despite advance payments being available to tide claimants over until their first payment, all those interviewed had found this period difficult, with a clear financial and emotional toll being taken.⁷

Financial strain

Most participants had waited five or six weeks, and whilst this is in line with the system design, all had found this period testing. It was a common experience for participants to experience real poverty during this period, which one participant described themselves as being 'dirt poor'. This was especially the case for those out of work, who had no income to buffer them during this period. However, those in work still found this period difficult and had to cut back, with one single mother selling personal belongings online and walking 45 minutes each way to the supermarket to save petrol in order to get to work.



'I started to sell some things on eBay... just £10 here, £10 there and that was it. And I just thought let's do a little bit of walking... it's about a 45 minute walk to my local supermarket so this is what I did and just carried what I could, there and back.'



'I had nothing. I relied on my brother, my sister, my neighbours. Because you don't get anything, and I mean nothing at all. So there's no rent being paid, there's no Council Tax being paid, there's no money for shopping, gas, electric, nothing.... The worst one was the rent, because it meant five weeks rent arrears building up.'

Most had not talked to their creditors about their situation but had sought debt advice. However, conversations with landlords were more common and the majority had found their landlord to be understanding, even apologetic in one case. However, in one case even though the landlord had ultimately shown understanding, the claimant had received letters threatening eviction as part of the standard procedures, which had been stressful. Private landlords had shown less understanding and this could leave lasting strain in relationships with such landlords.

6 | When Universal Credit was first introduced the duration before the first payment was made was six weeks. The government reduced this in the November 2017 Budget to five weeks by removing the seven waiting days during which claimants were not entitled to benefits.

7 | Advance payments are interest-free loans. Originally claimants could receive an advance of up to 50% of their expected monthly Universal Credit payment to last the six weeks. Subsequent to changes made in the November 2017 Budget, claimants can now receive 100% of their estimated monthly payment to help with short-term financial needs. The DWP has also undertaken work to raise awareness of advance payments following concerns that claimants were not being offered them.

8 | CAP (2018) *Powerless people: indebted and afraid*, available at capuk.org/powerlesspeople18.



'My housing association were quite good cause they've got a benefit adviser and he helped me... they weren't pushing for the rent or anything, they were quite good.'



I had to get a credit card and then I just couldn't afford to pay it back.'



'That all ended up in to a real stress... we had a fairly good relationship before [with private landlord] and it became horrible.'



'I don't know how they expect people to live on nothing. They did say 'you can get a loan', but then that's putting you in more debt. You already owe five weeks rent and if you take a loan, that's more you have to pay back. I took a loan, I had no choice.'

Many of the participants talked more broadly about the impact this wait had had on their debt situation. While most had some existing debts, for some it was transitioning to Universal Credit that had been the sole cause of their problem debt. As well as arrears on household bills, those who found their financial situation had been exacerbated by Universal Credit talked about relying on credit cards and not opening letters because they could not afford to make repayments. This had had an enduring impact and it was common for participants to be still struggling to repay debts incurred during this period several months or more later.



'It made it worse because I had to spend on my credit card... I started relying on it.'



'I went six weeks without any money and I was really dirt poor... I was using high-interest credit cards and I was using savings. It was really difficult.'



'It's made things worse... I've paid the rent [arrears] off but I keep getting letters about Council Tax [arrears]... There's nothing I can do. If they want any more money, I'm going to have to not eat or live on nothing, or sit with no electric.'



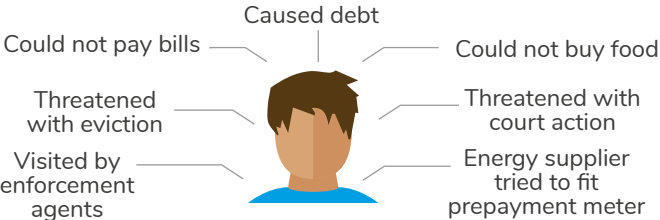
Only one participant had savings they could use but they had still had to apply for Discretionary Housing Payment and use their credit card to buy food on top of this. As a result, the second most common coping strategy was using a food bank and this was done reluctantly, with participants feeling demoralised and a burden. Trussell Trust figures have shown that these are not isolated experiences and food banks in areas of full Universal Credit roll-out have seen referrals increase at more than double the rate of the national average.⁹

Many had also borrowed money from friends and family but others did not have this support to turn to. This was either because they had no family and had grown up in care, for instance, or because their family were facing difficulties themselves. While family support had been helpful for some, it was not without problems. One participant described their experience as, 'having to beg, borrow and steal', having had to borrow without knowing when they would be able to pay it back. Another expressed that they could not keep going back for more money so had had to turn to credit. Several others also used credit to buy essentials. This included credit cards and overdrafts, and these participants made reference to the high cost of such products, and being unable to get out of overdrafts was having lasting implications.



'My sister's been very, very poorly with three major head surgeries in the past seven months... at the moment she's not earning because of her condition so I couldn't ask her.'

Financial strain of waiting for first payment



Coping strategies

Participants had coped with this wait period in a variety of ways. Whilst the majority had taken out an advance payment, this was rarely sufficient and all of these participants had also had to resort to other ways and means to attempt to make ends meet. For instance, one participant had been able to top up their rent and buy some food with their advance payment but not pay any of their other bills. There was also great concern that an advance payment was a loan and would mean an increased debt burden. A couple of participants had not taken out an advance as a result, despite being in financial difficulty, and it was common for repayments to have caused hardship once their payments started.

'I had to get one of them loan things and then I just didn't pay my rent because I couldn't afford to. That's why I'm in debt now.'



'I kept borrowing off my overdraft all the time and I've never been in that situation to square it up.'



'I've not lived at home since I was 16 so I've always been quite independent, and then having to rely on other people for so long because I'm struggling, it was difficult.'

Emotional distress

It was clear that this wait period also had significant emotional impacts. Struggles with mental health and feeling stressed featured strongly in the interviews. There were mentions of depression being exacerbated and feeling suicidal, with one participant even citing a hospital stay as a consequence. Perhaps most revealing, a couple of participants found it too difficult to talk in detail about the impact the wait had had on them.



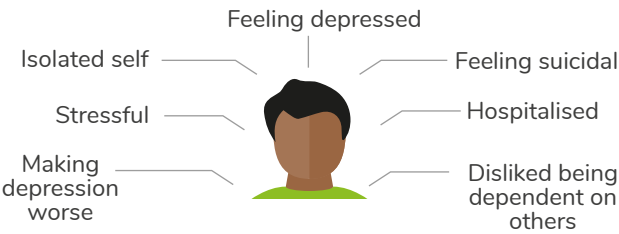
'Not great. I ended up in hospital, let's just put it that way.'



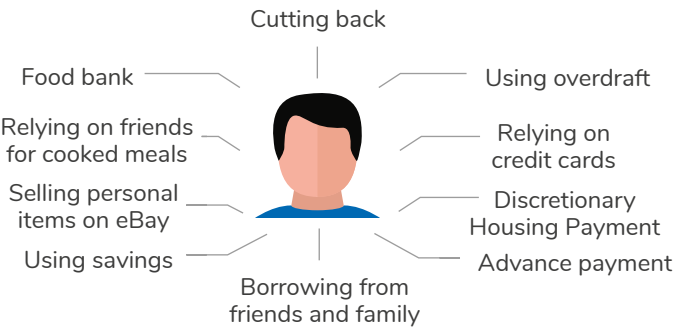
'I suffer with depression anyway and it made me that little bit worse... I buried my head in the sand.'

The financial and emotional strains also affected personal relationships. While some had become more isolated in this period and withdrawn due to their mental health struggles, others had been financially dependent on friends and family. Being dependent on others had taken an emotional toll on some who acutely felt a loss of independence. Either way, personal relationships - vital for mental wellbeing and support in difficult times - were harmed during the wait period.

Emotional strain of waiting for first payment



Coping strategies during wait for first payment



Case study two

One client who lived in a council house was informed that if she did not pay rent while waiting for her Universal Credit payments to begin, the council would begin eviction proceedings. When she explained she had no income from which to do this, she was told to borrow from friends or family. However, she already owed a large amount of money and having been a victim of domestic abuse in the past, was not in the position to do this. She was relying on the food bank for food and told her CAP Debt Coach that being in this situation was exacerbating her mental health problems.

Vulnerability on the side-lines?

While the full service has now extended Universal Credit to other claimant types, the early stages of the Universal Credit roll-out have focused on single jobseekers. A key rationale for the initial focus on single person households was that these would be simple cases with few complexities. However, despite being predominately single jobseekers, 70% of cases highlighted by CAP advisers in which Universal Credit had caused hardship concerned someone with a vulnerability indicator.¹⁰ This is either a mental or physical health condition, or a learning difficulty, which typically make life more challenging for the claimant.

Most frequently these vulnerability indicators were to depression (48%) or anxiety (38%). Difficulties reading and understanding communication were also fairly common due to limited literacy or dyslexia (9%) and learning difficulties (5%). Incidents of multiple health problems were also not uncommon, for instance in one case, a client suffered from depression, anxiety, migraines, arthritis and had fractures to the spine from a recent car accident. This goes to show the daily challenges many people face that make it difficult to give time and energy to administrative tasks, or to cope with periods of high stress and uncertainty.

This was also reflected in the circumstances of the interview participants, most of whom had a health condition or mental health problems, and one in three having multiple conditions. Difficult personal circumstances, both current and past, which still affected them in some way were also common. This included a history of homelessness, abuse, family breakdown, bereavement, growing up in care, being a carer or lone parent.

The recent announcement of funds for Citizens Advice to provide a more comprehensive and end-to-end package of Universal Support for claimants is very welcome. However, it is clear that the extent of vulnerability amongst claimants means accommodating claimants' needs cannot be done on the side-lines. The whole system needs to be designed in such a way as to be mindful that there is great diversity in the needs of benefits claimants and a one-size-fits-all system cannot serve all adequately. This will be especially pertinent as the transition of existing benefit claims looms, including many people in receipt of disability benefits, many of whom will have already contended with two significant benefit reforms in recent years.



Key challenges identified from the initial stage of making a claim:

■ Digital exclusion is a significant challenge, with access as well as capability a key issue

It is not just digital capability, but also access to the Internet that is a key issue for many people on low incomes. Better access to public computers is needed. Claimants would also benefit from a non-digital crib sheet detailing the information needed to complete a Universal Credit application.

■ The wait for payment causes financial hardship and emotional distress

Waiting five weeks or more for their first Universal Credit payment places great strain on people's financial and emotional wellbeing. While advance payments help, these are often not enough to see claimants through until their payments start, and people are worried about taking on more debt. Claimants frequently incur rent arrears, fall behind with debt repayments, rely on credit cards and overdrafts that they struggle to repay and are forced to use food banks.

■ There is considerable vulnerability amongst early Universal Credit claimants

The DWP should not assume that single jobseekers do not have additional needs that require support. Lessons need to be learnt from the experiences of these early vulnerable claimants as the transition of existing benefit claimants to Universal Credit looms, including those in receipt of income-related disability benefits.

This paper is the first in the Checking in series.
The full series will be available at capuk.org/checkingin.

The next two papers will focus on the experience of claimants once their Universal Credit payments begin, including how debts are treated and receiving Universal Credit while in work.

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