



## A recap of key challenges from the full Checking in series:

### Applying and waiting for Universal Credit:

#### ■ 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.

### The treatment of debt under Universal Credit:

#### ■ Deductions to repay advances are unaffordable

Advance payments push financial hardship further downstream. Once Universal Credit payments begin, repayments are a substantial proportion of claimants' income and cause considerable financial strain. While the extended repayment timeframe from October 2021 will help, this is three years away. CAP is calling for repayments to be calculated based on affordability, not restricted by a rigid timeframe.

#### ■ The amount deducted for other debts causes hardship

The maximum total amount that can be deducted from Universal Credit payments to pay debts is too high. Even at 30%, to lose a third of your income places substantial strain on low income households who lack the ability to create or maintain any sort of financial 'safety net'. In addition, the minimum levels for specific types of deductions do not ensure deductions can be set at an affordable level. More flexibility is needed to take into account a claimant's full financial picture to ensure debt repayments are affordable.

#### ■ Claimants find it difficult to reduce deductions to affordable levels

Many claimants are left feeling powerless and confused by the deductions from their payments. Claimants would benefit from a letter detailing their Universal Credit award and any deductions when their payments commence. The removal of Implicit Consent restricts debt advisers' ability to support claimants in difficulty, and needs to be reinstated.

#### ■ Paying rent top-ups further exacerbates financial difficulty

There has not been enough consideration taken on the strain that paying a rent top-up places on claimants, especially where there are also deductions from their Standard Allowance. We would like to see maximum deduction rates and affordability calculations taking into account the full range of financial pressures on claimants, including the implicit reduction in claimants' Standard Allowance where they pay a rent top-up.

### Living and working on Universal Credit:

#### ■ Claimants continue to struggle financially once their payments start

There are a variety of reasons for this, including deductions for debt and advance repayments, rent top-ups and missing out on transitional protections. In some cases, claimants continue to miss bill payments, rely on high-cost credit and use food banks once their payments start. The key underlying thread is the low income of claimants.

#### ■ Budgeting is a challenge for some, and the help offered needs to better understand their needs

While some prefer monthly payments, many claimants find budgeting difficult and the available Personal Budgeting Support has had a limited impact. Claimants would benefit from the flexibility to choose their payment frequency and more tailored budgeting support.

#### ■ Where paying rent is a problem Alternative Payment Arrangements (APAs) take too long to put in place

Paying rent themselves is not a problem for most claimants, but some do not know that they need to do this. Those that need APAs then struggle to get this support in place quickly. There needs to be clearer messaging about housing costs, and APAs should be available as standard from the beginning of a claim.

#### ■ Claimants in work need more help to cope with low and fluctuating incomes

More support is needed to help claimants budget with fluctuating Universal Credit payments and pay upfront childcare costs. Assessment periods need to take into account the claimant's pay frequency. The prevalence of temporary contracts and zero hour contracts means claims need to remain open for longer than six months.