From the Chair

Sarah Newton MP
Minister for Disabled People, Health and Work

Dear Sarah

Carer’s Allowance Overpayments

We are grateful to you and to the Permanent Secretary for your responses to our questions on this so far. However, there are number of areas on which we need to seek further information, in the light of the evidence we heard on 28 November and other concerns that have been raised with us.

Carer’s Allowance purpose

In your letter dated 28 November you stated that the Department supports a taper in Universal Credit as it is “specifically designed to ensure that work always pays”. You added that “Carer’s Allowance is a very different benefit and the earnings rules serve a very different purpose.”

1. Is it your intention that for carers claiming Carer’s Allowance through Universal Credit work always pays, but for those claiming outside of the system it does not?

Overpayment amounts

In his letter dated 26 November, the Permanent Secretary provided details of the range of overpayments, which showed that amounts owed by carers ranged from £67 to £48,560 in 2017/18. The Committee was alarmed by the eye-wateringly high overpayments the Department has allowed some carers to accrue and would like to understand the distribution of amounts carers have been overpaid, to give us a sense of the scale of this problem.

2. Could you please provide the Committee with the following data:

   a) For 2017/18, how many overpayments were in the range of:
      
      a) £65-£99
      b) £100-£499
      c) £500-£999
      d) £1,000-£4,999
      e) £5,000-£9,999

30 November 2018
f) £10,000-£19,999

g) £20,000-£29,999

h) £30,000-£39,999

i) 40,000-£50,000

b) For each of the breakdowns above could you also provide data on the proportion of overpayments that were due to claimants' earnings increasing by:

a) up to 1% above the threshold

b) up to 5% above the threshold

c) up to 10% above the threshold

d) up to 20% above the threshold

e) up to 30% above the threshold

f) up to 40% above the threshold

g) up to 50% above the threshold

h) 51% to 100% above the threshold

i) over 100% above the threshold

Approach to identifying overpayments

In his letter of 26 November, the Permanent Secretary noted that some overpayments can go back several years.

3. Could you provide a detailed note of the Department’s approach to identifying overpayments in Carer’s Allowance, including:

a) whether this is a continuous process or whether you carry out targeted data-matching exercises? If the latter, how often are these carried out?

b) some case examples to demonstrate how overpayments of over £20,000 were accrued by claimants, including:

i) why overpayments were not picked up earlier; and

ii) how the overpayments were eventually identified by the Department;

4. In cases where overpayments have accrued to such large amounts, is there any mechanism in place for the Department to limit or cap the amount to be repaid? If not, is this something you would consider?

Prosecutions

In his letter of 26 November, the Permanent Secretary said that the decision to prosecute claimants for overpayments depends on whether the evidence is sufficient to support a criminal penalty and whether it is in the public interest to do so.

5. Could you provide details of the criteria the Department uses to assess whether there is sufficient evidence to prosecute claimants?

The Permanent Secretary said the Department does not collect information on the number of cases being pursued for prosecution.
6. An article in the Guardian said that of the carers who have been overpaid in the last five years, 1,000 could face prosecution and 10,000 could face fines\(^1\). Are these figures accurate?

7. Please could you provide us with the number of current prosecutions involving overpayments of Carer’s Allowance? If so, could you please provide us with details of the grounds for these prosecutions?

Information for claimants
The Committee heard evidence that the information provided to carers can be confusing and claimants do not always realise or remember that they must report changes in their earnings to the Department. The Committee also heard that letters provided to claimants annually are lengthy and contain complex information on the various changes that must be reported to the Department.

8. When was the last time the award letter was reviewed and what steps were taken to ensure the information was accessible for claimants?

9. Will you commit to work with the Committee and stakeholders to improve the information available to claimants, both on the Department’s website and in terms of communications provided to claimants?

Self-employed
The Committee heard that many carers are self-employed, as it is often the only way they can work given their circumstances. Establishing earnings when self-employed can be complicated and they often only become clear at the end of a financial year. But it appears that there are no allowances for the self-employed within the administration of Carer’s Allowance.

Could you please confirm:

10. How often self-employed carers are required to report their earnings.

11. Whether a self-employed carer will be required to repay overpayments if their year-end earnings reveal, retrospectively, that they were above the weekly threshold.

12. What advice is given to the self-employed about claiming Carer’s Allowance; and, if such advice is not provided, whether you will commit to work with the Committee to produce useful guidance for self-employed carers.

I attach (as an appendix) a summary of a brief survey we conducted to hear about the experience of carers who have received overpayments. Claimants told us that they had been overpaid because:

- they had not realised their earnings had gone above the threshold;
- fluctuating earnings or the way they were paid had tipped them over the threshold;

• they had tried to inform the Department of changes to their circumstances but had faced difficulties in doing so;
• they had been overpaid despite informing the Department of changes to their circumstances; and
• they had switched over to Universal Credit

One claimant described that they had been overpaid, despite earning less than the weekly allowance (see Appendix). They said this was because the Department calculated their earnings on a monthly basis, but their monthly pay could sometimes contain five weeks’ worth of wages.

13. How does the earnings threshold in Carer’s Allowance take account of fluctuating income or irregular payment schedules?

14. Does the Department have any targets on how quickly it should make changes to a claimant’s payment following a reported change in circumstance?

I would also be grateful if you would take the time to read the enclosed summary, and in particular to consider and reflect on the stories that carers have shared with us.

I would be grateful for a reply by Thursday 13 December.

Best wishes and I look forward to hearing from you,

Rt Hon Frank Field MP
Chair

CC Caroline Dineage, Minister of State for Care
Appendix

Carer’s Allowance Overpayments Survey

The Committee conducted a survey to hear from carers who had been overpaid Carer’s Allowance ahead of the Committee’s one-off session on Carer’s Allowance overpayments.

Responses

We received responses from 43 people, of whom 18 said they had been overpaid Carer’s Allowance. 16 of these respondents said they had received overpayments of Carer’s Allowance ranging from £150 to £11,500.

Summary of responses

Respondents reported they had been overpaid because:

- They had not realised their earnings had gone above the threshold;
- fluctuating earnings or the way they were paid had tipped them over the threshold;
- they had tried to inform the Department of changes to their circumstances but had faced difficulties in doing so;
- they had been overpaid despite informing the Department of changes to their circumstances; and
- they had switched over to Universal Credit

Two respondents reported paying fines in addition to repaying the overpayments and one respondent said they had been taken to court and prosecuted for fraud.

The chart below shows the various reported reasons for overpayments. Examples from the survey are included in the pages below.

* responses may reference more than one reason
Reason for overpayment: respondent did not realise earnings had increased above the threshold

One respondent explained how they had to rely on a friend to help pay back the money after their mother died:

I received a bill a year after my mother died demanding £308 and threatening an additional fee of £50 if I did not have a reasonable explanation for allowing the overpayment. They accepted the fact that I was grief stricken and did not keep track of when the payments were due to conclude and did not charge the additional fine. The money was paid by a dear friend as I was still waiting for a decision on PIP, and was turned down for ESA. Because of my emotional state I could not sign on as fit for work, so I had nil income at the time. My friend took care of me until I was strong enough to take care of myself. The alternative was suicide.

Another respondent caring for their mum and mentally ill son was taken to court and charged with fraud on top of having to pay back £3000:

I have always worked and a few years ago I was put in a position that turned my life upside down. My mum had dementia and Alzheimer’s. I accidentally did too many hours, I was caring for my mum and my mentally ill son and holding down my job, I wasn’t aware that I’d done wrong until I was called for an interview at the job centre. I was charged with fraud and taken to court, I was given community service of 180 hours unpaid work as if I didn’t have enough to deal with. My son went into care because I couldn’t cope, and I have now had to give up work and care for mum. I had to move in with her and give up my home, my job, my life. I am now having to pay the money back. My own health has suffered, and my finances are rock bottom. I feel my life has been in a downward spiral and I haven’t been able to cope since. Thank you for allowing me to tell my nightmare of a story!!!

Reason for overpayment: fluctuating income or a small change in earnings tipped claimants over the threshold

One claimant described how their holiday pay resulted in an overpayment and also led to a fine:

I was working 10 hours a week and got paid my holiday pay which was £40 over the amount. I have had to pay the full amount back for the month as well as a fine.

Another respondent described how their earnings increasing slightly over the limit for 2 years without them realising resulted in an overpayment of almost £6,000 plus a fine:

I care for my adult son who has autism. I work part-time for [a charity], at three different offices, and I did not realise that over a period of just under 2 years, my earnings had crept just above the limit. With variable income over different periods, the calculations are extremely complicated, and it was not clear to me that I had gone over the limit. I was called to a compliance interview at the Jobcentre on 30th May 2017 where the possible overpayment was explained to me. I was given a very
complex form to complete with details of all my earnings since claiming Carers Allowance and any allowable expenses that could be offset. I completed this form and returned it to the required address around a week later. I heard nothing in response until I received a letter from the DWP dated 29th October 2018, stating that I was not entitled to Carers Allowance from 29/06/2015 to 29/01/2017 because my earnings were over the limit for the period, and confusingly that weekly payments of Carers Allowance would be started on or around 05/11/2018. Then two weeks later I received another letter dated 13th November 2018 stating that an overpayment had occurred and as a result I owed £5775.30 plus a civil penalty of £50. It was not at all clear from the letter what I could do if I was unable to make the payment. I feel very angry that I have been punished for going over the earnings limit by a small amount while working on a low income for a charity that helps people, given that the earnings limit was not straightforward to calculate in my situation. I am also angry that it has taken the DWP so long to respond to the form that I sent - after 18 months of hearing nothing, you might assume that no action was going to be taken. My family have been struggling to manage since I was made redundant from a professional position in 2013, and my wife was made redundant in 2016, so having to pay back almost £6000 will mean real hardship for us. As far as I can tell, the only way out of the situation is to pay this back now, or have it taken from the ongoing Carers Allowance (which would mean that I could not take on more work to help make the payment as I would go over the limit again).

One respondent said their fluctuating pay meant their earnings were sometimes above the threshold, even though they hadn’t earned above the £116 a week limit:

I have been told I was overpaid carer’s allowance by £500, I worked PT and only earned the amount allowed each week, which at the time was £116 a week, as I’m paid monthly my wage went up and down, due to 4 or 5 week months.

I was told by the carers allowance team that they do not go by the weekly allowance and that they have a monthly cut off of £520 and if you earn more then £520 they do not pay carers allowance for the whole month, I pointed out that the Government website or even there website only states a weekly amount and that I have only ever earned less then the amount stated so that I never owed money back, they told me that they did not know what the government website said and that they only go by the monthly amount, I lost money because of having to pay back over £500, plus I lost money I could earn each week, which effected my family.

Reason for overpayment: faced difficulties in informing the Department of changes in circumstances

One respondent described how he had tried to inform the Department that his disabled mother had been taken into hospital but was told that his mother must call the Department herself (his mother was also receiving DLA and it’s not clear that he was reporting the change for both benefits). He then had to repay an overpayment of £345 of Carer’s Allowance when the Department told him he shouldn’t be receiving Carer’s Allowance while his mother was in hospital. On the impact of the overpayment he said:
They took £100 from my other benefits without permission or agreement and were going to do that for a further 4 months. I said no, I couldn’t afford it and had a real battle to get them to accept £7 a week! They repeatedly contact me every 4-6 months to try and get me to agree to increase the amount every few months. I can’t do it.

One respondent struggled to find the necessary documentation and had to repay their pension increase (amount not provided):

They needed proof of payment which I could not find?
I tried to tell them on the phone but they have to have a copy of payment. I get this info but once a year?

Reason for overpayment: overpaid despite informing the Department of changes in circumstances

A number of respondents reported they had been overpaid even though they had informed the Department of changes to their circumstances.

A claimant who said they had informed the Department of their earnings had to pay back £4,000:

I sent payslips in when applying for carers was awarded it and few months down line was told I wasn’t entitled to it and have to pay it all back. It is coming out of my wages and more than what should be.

One respondent had to repay £345:

I was overpaid while at college, even though they had been contacted and told I was at college

The largest reported overpayment was for £11,500. This was for the carer’s premium element in pension Credit rather than Carer’s Allowance:

I was awarded 'underlying entitlement' to CA and therefore carers premium in Pension Credit in 2009. I notified DWP when the person I cared for died in 2009. I was not notified that 'underlying entitlement' to CA had ended. CA did not notify Pension Credit. DWP first contacted me about the overpayment in 2016. The overpayment decision is now under appeal.

In effect the DWP are saying I failed to notify them of something they failed to notify me of therefore I have to pay back the care's premium overpayment (and that I should have understood what 'underlying entitlement' to CA means and how it affects Pension Credit even when I was not actually paid any CA.
Reason for overpayment: change to Universal Credit

One respondent reported they had continued to be paid Carer’s Allowance through ESA after switching to Universal Credit, resulting in an overpayment of £1,000:

I changed over to uc, e.s.a continued to pay me care component it went to over a thousand pound which I have to pay back