

REVISED GUIDANCE

Advances

Introduction

Universal Credit Advances replace the previous system of interim payments and alignment Crisis Loans with one simplified system. This change formed part of the government's reform of the Social Fund. It gives Universal Credit claimants who face short-term financial need access to interest-free payments.

Claimants have access to four types of advances:

- Universal Credit Advance (new claim)
- Universal Credit Advance (change of circumstances)
- Universal Credit Advance (benefit transfer)
- Budgeting Advance (interest free advance for one-off items)

New claim advance - Overview

The aim of a new claim advance is to support claimants who can't manage until they receive their first payment of Universal Credit.

Claimants should be made aware that advances are available to them if they are in financial need. To establish if the claimant has a financial need and requires an advance they should then be asked if they have enough money to live on until the first payment of Universal Credit is due. This might be money from savings, earnings, redundancy payments or support from the claimant or partner's parents, family or friends. If the answer is no, then a claimant should be offered an advance.

A claimant is not required to have signed their Claimant Commitment before they can get an advance, but their ID must have been verified.

Claimant has received advances previously

If there is strong evidence that the claimant may have previously abused eligibility for advance payments, further evidence, for example bank statements, can be requested to establish whether there is genuine financial need.

If there is evidence of repeated payments of advances where the claimant never progresses the claim to entitlement stage, consideration should be given as to whether the claimant should be given an advance.

Timescales

Claimants should be asked whether they can manage until their first Universal Credit payment during their initial interview.

If at that point the claimant considers that they do not need an advance, they may then ask for an advance at any point during their first assessment period. See also Change of Circumstances

Amounts

The claimant should be informed of the maximum amount they are entitled to (based in 50% of their overall estimated entitlement).

To guard against hardship, the repayment amount will be no more than the equivalent of 40% of the claimant's Universal Credit Standard Allowance.

The claimant should be offered support to calculate the most appropriate amount of advance payment, based on their monthly outgoings and their ability to repay it over the next six months.

The aim is to pay only one new claim advance so it is important to get the amount the claimant needs right. By exception a claimant may receive an advance and then subsequently consider they need more, in these cases it is possible for them to have an additional new claim advance, providing the total remains within their maximum entitlement.

Recovery

Claimants should be informed that they have six months to repay the advance (i.e. the maximum period).

During the recovery of the advance there may be exceptional circumstances (e.g. a child going into hospital, resulting in unexpected regular bus / taxi fares for parents to visit) that mean that recovery over six months will push the claimant into genuine hardship. In these circumstances, a DM can consider making an offer to defer payments for up to 3 months. Full recovery must be completed within 9 months.

Payment

Advances are paid by BACS transaction into the account that the claimant is using for their Universal Credit claim in three working days.

If a payment is needed more quickly, provision can be made for a same day Faster Electronic payment. These should only be made where there are exceptional circumstances that require this, for example, where the claimant does not have enough money to last until the advance is paid.

