

Factsheet B17: Universal Credit and Getting Paid

Universal Credit is paid monthly in arrears, directly into your account. Most benefits in the existing system are paid fortnightly in arrears. The monthly payment is designed to make benefits feel more like a monthly salary. You may need to be extra careful about planning ahead.

When you make a claim under Universal Credit you will be waiting 5 weeks (sometimes more) for the first payment, but you can ask for a short-term advance payment of Universal Credit if you can show that you are in financial need. You can ask for an advance of 100%, and you will be given up to a year to pay this back.

The government have recently announced that payments of existing means-tested benefits (including Housing Benefit) will continue for a two week period, and you won't have to pay that money back. This means you will have less time without money, but you still need to plan ahead.

You will be responsible for paying your landlord under Universal Credit, because your benefit payment will include your rent. You can ask for your landlord to be paid directly. This is known as a Direct Payment.

There will be extra support in place to help people who might struggle with budgeting, because it is quite a big change to manage your money monthly and to make sure you pay your rent to your landlord. There will also be help with extra housing costs for anyone in supported housing, and additional help for anyone who wants to set up their own business.



Everyone should be offered Personal Budget Support, which can be a referral to the Money Advice Service, or an Alternative Payment Arrangement.

Alternative Payment Arrangements

If you think receiving all of your money monthly is going to be difficult, you can ask for an Alternative Payment Arrangement. This will be done if you can show that you genuinely can't manage and it would cause a risk of financial harm to you or your family.

There are three reasons why an Alternative Payment Arrangement might be made:

- Where housing costs need to be made direct to the landlord if you are more than a month in arrears – usually this will be done until the arrears are cleared over an agreed period
http://england.shelter.org.uk/get_advice/universal_credit/can_universal_credit_be_paid_direct_to_a_landlord
- Where payments are needed fortnightly for vulnerable claimants
- Where payments need to be split between partners, for example if it might place people at risk if all money goes to the head of the household. This could be a problem if you do not trust your partner with money, or you face domestic violence or intimidation.

More about transitional protection

Transitional Protection is only for some people and it is not available to anybody yet. People who make a new claim for Universal Credit will not receive any transitional amount if their Universal Credit entitlement is less than they would get under the benefits it replaces. No current Universal Credit claimants are



entitled to a transitional amount and so it is possible you will be worse off claiming Universal Credit at the moment.

The only exception to this rule is for people who get Severe Disability Premium, who have been promised that they will not lose out when they move to Universal Credit.

Only people transferred by managed migration from July 2019 onwards will get the transitional amount. If you can get it, you may receive Universal Credit transitional protection until your Universal Credit award increases to reach the same amount you were receiving from the benefits it replaced, or until your Universal Credit entitlement decreases to nothing, or until you have a significant change of circumstance.

There is more detail on this at <https://www.turn2us.org.uk/Benefit-guides/Universal-Credit-transitional-protection/How-long-will-I-get-Universal-Credit-transitional>

Budgeting Advice

<https://www.moneysavingexpert.com/banking/Budget-planning/>

<https://www.moneyadviceservice.org.uk/en/tools/money-manager>

Debt Advice

<https://www.moneyadviceservice.org.uk/en/tools/debt-advice-locator>

<http://www.stepchange.org/>



<https://www.nationaldebtline.org/>

Getting ready to receive your payments

Payments for Universal Credit are made directly into an account, so you need to set up an account that accepts electronic payments (sometimes called a basic bank account) ready for this. You can choose to have your money paid into a bank, building society, Post Office card account or a credit union account.

If you have a problem setting up a basic bank account, we have been told that you can set up a dummy account in order to register your Universal Credit claim:

Bank Account Number: 12345678

Sort Code: 01-02-03

The Jobcentre has said that this will allow people without a basic bank account to at least make a claim. It triggers the Service Centre to see that you haven't got a basic bank account, which in turn will prompt a conversation with the Work Coach in the Jobcentre.

Once you have a basic bank account, it is also worth setting up direct debit payments from your account, to pay your rent and other regular payments. You may get a discount on your charges.

We cannot recommend any particular type of account, but it is worth having a look at the following guides before you make a choice.

Basic Bank Accounts



<http://www.moneysavingexpert.com/banking/basic-bank-accounts>

<https://www.uswitch.com/current-accounts/bank-accounts-basic/>

<https://www.moneyadviceservice.org.uk/en/articles/choosing-a-bank-account-for-your-universal-credit-payment>

Credit Unions

An alternative to a bank account is an account with a credit union, who will also offer something like a basic account, but be careful to ask what the charges are, as these accounts are not free.

Association of British Credit Unions <http://www.abcul.coop/home>

Eastern Savings & Loans for anyone in Suffolk, Norfolk and Cambridgeshire
<http://www.eslcu.co.uk/>

Wherry Dragon and Norwich Credit Unions

<http://www.wherrydragon.org.uk/>and

<http://www.norwichcreditunion.org.uk/home.php> (this also includes Ketts Credit Union as they have now merged with Norwich Credit Union).

Rainbow Saver for Cambridgeshire Suffolk or South Norfolk

<http://rainbowsaver.co.uk/>

Jam jar accounts, also known as budgeting accounts, are relatively new to the market. With these you divide your account into various pots ear-marked for specific purposes such as rent, bills and savings. Any cash left over is then available for spending. You decide what pots you have and how to split your cash. This not only helps you budget for bills but also means you know exactly where you are with your finances.



The downside is that there is a monthly fee for jam jar accounts, sometimes up to £15 per month. Several credit unions have or plan to launch accounts and charge a lot less, typically £3 to £5 a month.

If you live in social housing, it's worth asking your landlord if they recommend a particular account as they may offer a financial incentive if you open one.

If you require further information or would like this Factsheet in an alternative format you can contact us by calling: 01508 491210, by emailing: info@equallives.org.uk, or by writing to: Equal Lives, 15 Manor Farm Barns, Fox Road, Framingham Pigot, Norfolk, NR14 7PZ.

