Referring arrears of benefit to Debt Management for recovery against overpayments

Background

Note: This guidance does not apply to Personal Independence Payment arrears. See the PIP Payment correction - Underpaid guidance for further details.

1. If arrears of a prescribed benefit become due for any period, and you are aware that there is an outstanding debt (for example, if overpayment deductions are currently being taken from the claimant's benefit or there are entries on the relevant benefit system which highlight overpayment interest/action), you must offer the arrears to Debt Management to allocate against the debt as per the Overpayment Recovery Guide Section 5.47 – "Current legislation allows the SofS to recover any recoverable overpayment for a prescribed benefit from any arrears of that or any other prescribed benefit."

2.   Any arrears can be referred to Debt Management for example, arrears of Disability Premium, arrears due following the reassessment of the claimant's Capital Tariff Income, request for backdating accepted and so on. However, arrears should not be referred when:

- arrears have accrued at the start of a claim due to delays in processing, for example the award is delayed pending verification of details
- arrears have accrued as a result of benefit being suspended
- arrears that could not be issued to the claimant immediately as "benefit due" and which, if not issued, would cause severe financial hardship.

3.   Currently some overpayment referrals are noted with 'Benefit Arrears' that may be recoverable from the overpayment. These are arrears of benefit due for a period falling outside of the overpayment period. They are therefore distinct and separate from offsets for which there is already an established and effective practice. Debt Management are interested in arrears of benefit due for a period falling outside of the overpayment dates, which cannot be included in the benefit award reassessment that created the overpayment.

Referring arrears to Debt Management

4.   Information about benefit arrears should be sent to Debt Management in one of two ways:

- when arrears are notified as a component part of a new referral, and forwarded as part of the overpayment referral. Select 'Yes' or 'No' to the 'Are there any benefit arrears available for recovery' question in the 'Statement of Fact' screen. See the 'Overpayments £65.01 or over' chapter for further information. However where the overpayment includes a Civil Penalty the overpayment cannot be offset against the arrears
- when arrears become available to be allocated against an existing overpayment at any time after the initial referral, including debts that are already in recovery. Refer these independently as 'Arrears only' and they will be allocated by Debt Management to existing cases. In these cases, arrears can be off set against overpayments which include a civil penalty

5.   Arrears of benefit should not be offset against non-recoverable overpayments, for example, DPAD's or where the overpayment is classed as Wholly Official Error (WOE).

6. If the benefit paying system produces an arrears payment to issue to the claimant, but you wish to offer the arrears to Debt Management then the following processes should be followed.

Action required for Income Support, Incapacity Benefit, Bereavement Benefit Pension Credit and State Pension

7.   The following action should be taken:

Step	Action
1	Change the system method of payment, either GI or ACT, to CG in Dialogue IS105/RP703.
2	Complete FF100/FF146, writing 'Composite Payment' in red at the top.
3	Do not tick any of the 'Type of payment' boxes. Write in the appropriate boxes: - cross through the Post Office code box - input the period of payment in the 'From' and 'To' boxes - cross through the 'Amount, in words' and 'The sum of' boxes - cross through the amount in figures in the '£' and 'p' box - write the amount of the clerical CG payment (amount of arrears referred to Debt Management) above the '£' and 'p' box - write '000' in the Code box - sign and date in the 'Prepared by/on' box.
4	On the back of form FF100/FF146 write the details of the arrears that are being referred to Debt Management (amounts and dates).
5	Complete and send the Offsetting Arrears of Benefit Proforma to Debt Management.
6	Send FF100/FF146 to Finance to clear as a composite payment.
7	The system notification should be inhibited. Debt Management will notify the claimant if arrears are to be used to recover an outstanding overpayment.
8	Record details of the arrears referral in IS110/RP801 or RP803 (Notepad), to assist with enquiries from the claimant. Notepad should also be used to record details of the composite payment to be cleared by Finance. After these entries input in bold text "**Do not delete**" to ensure a permanent record is maintained. A Work Available Report

	(WAR) will be produced but as long as the Notepad entry is clear this will stay untouched. (This WAR would not be cleared unless a dummy giro number was input). **Note for IB cases:** The prompt that would be produced in PSCS if a dummy giro number is not input is BF5476 and this would continue to be produced every seven days. Unlike IS, not inputting a dummy number would cause problems with the end of tax year history updates and P60 production to the claimant, P35 production for Tax Liaison Section (TLS) and P14 production for HMRC as the tax history in TX009 would not reflect the payment history. Therefore, a dummy giro number must be input by Finance. This should be clearly requested on the FF146.
9	If arrears of benefit are included with the claimant's weekly/fortnightly benefit payment then CG is selected and a **Discrepency Payment** to pay only the weekly/fortnightly benefit to the claimant would be completed. The arrears only should then be referred to Debt Management.

Action for Jobseekers Allowance and Employment Support Allowance

8.   If JSAPS calculates an arrears payment for a claimant who has an outstanding overpayment (visible in Dialogue JA303), JSAPS will:
- display a warning message 'W9406 – Warning: Arrears due but overpayment outstanding'
- withhold the arrears
- notify the claimant that an arrears payment is being held back because of an outstanding overpayment. This notification can be inhibited in Dialogue JA405 – see Step 1 below.

9.   On the following day, JSAPS will:
- produce an Inhibited Retrospective Payment (IRP) WAR S104 in the Overpayments area (004) of WARS Online and, if still used, on the paper WAR JA72539 headed 'Overpayments'
- produce JA70100 IRP report for the claimant, which details the arrears (and dates) that are being withheld as an overpayment may need to be offset.

When an IRP WAR does not occur

10.   Users should follow the guidance for IS and IB.

When an IRP WAR occurs in Dialogue JA405

11.   Take the following action:

Step	Action
1	Instead of an arrears payment being shown in Dialogue JA405, the screen gives the IRP warning message 'W9406 – Warning: Arrears due but overpayment outstanding'.

	Inhibit the claimant notification and select 'End' to exit Dialogue JA405.
2	If the exact amount of arrears is known annotate Dialogue JA110 (Notepad), complete and send Offsetting Arrears of Benefit Proforma to Debt Management.
3	Any adjustments to taxable benefit can be done via JSAPS Dialogue 100 for in tax year adjustments.
4	Refer to the Team Leader to clear S104 Case Control.
5	If the arrears amount is not known annotate 'Notepad' and await JA70100 IRP report.
6	After all Notepad entries input in bold text **"Do not delete"** to ensure a permanent record is maintained.

12.   JA70100 IRP report is received for the claimant the following day, detailing the arrears that JSAPS is withholding. Take the following action:

Step	Action
1	Use the report to complete the Offsetting Arrears of Benefit Proforma and send to Debt Management.
2	Any adjustments to taxable benefit can be done via JSAPS Dialogue 100 for in tax year adjustments.
3	Refer to the Team Leader to clear S104 Case Control.

13.   The Team Leader must clear the S104 Case Control for all IRPs that have been sent to Debt Management.

Action for Carer's Allowance

14.   The following action should be taken:

Step	Action
1	If arrears are due to the claimant, check to see if a recoverable overpayment exists, for example, if overpayment deductions are currently being taken from the claimant's benefit or there are entries on the benefit system which highlight overpayment interest/action.
2	If an overpayment exists, complete and send the Offsetting Arrears of Benefit Proforma to Debt Management so that they can consider reducing the balance of the overpayment.
3	Record action taken in Contact History to assist with enquiries from the claimant. After these entries input in bold text "**Do not delete**" to ensure a permanent record is maintained.
4	Debt Management will notify the claimant if arrears are to be used to recover an outstanding overpayment.

Action for Disability Living Allowance (DLA)

15. If, following an increase in award, arrears of DLA are due to the claimant, **do not issue the arrears in DA105**, but take the following action:

Step	Action
1	Check to see if a recoverable overpayment exists: Check in DA502 Payment Adjustment Screen (Function Key F6) to see if there are any current overpayment deductions. If there are go to Step 5
2	Check in CIS 'Interest History' screen, for a 'Debt Management' interest entry, ensuring that you scroll through all the pages if there is more than one.
3	If a Debt Management interest displays which has a start date and a close date this means there is no longer a debt interest and you can issue arrears in DA105. If an overpayment does not exist, record in DA110 "Recovery check done" and continue with normal procedures.
4	If a Debt Management interest displays which has a start date but not an end date this means there is a live interest with Debt Management. If there is, go to Step 5

16. If an overpayment exists,

Step	Action
5	Complete and send the Offsetting Arrears of Benefit Proforma to Debt Management using the email address link shown at the bottom of the proforma (SHSVCS CC Bradford Benefit Arrears Offsets), so that they can consider reducing the balance of the overpayment.
6	On the proforma, type in your group HEO email address, in the 'Email address of officer' field (even though the proforma asks for the individual's email address).
7	In the email subject field, type 'Urgent: Arrears to Debt Management'
8	In DA105 'Recalculation Results' screen input 'N' in the 'Pay underpayment' field. Continue and finalise payment.
9	Issue decision notification (ENT) to the claimant.
10	Record the action taken in DA110 and set a 3 working day case control titled 'DM Returned Arrears?' to check if the arrears have been returned. Debt Management have agreed to respond within 3 working days if they cannot accept the arrears (Note: Debt Management will <u>only</u> respond if they cannot accept the arrears)

17. On maturity of the case control, check the HEO shared mailbox to see if DM have e-mailed to say they cannot use the arrears. If no e-mail has been received, assume Debt Management have accepted the arrears and take the following action:

Step	Action
1	Select the underpayment (arrears) option in DA330
2	In the Record Calculation screen (function key F4 = record deductions) use deduction code 102 to input a negative adjustment for the total amount of DLA arrears, do not input any 'from' and 'to' dates.
3	In DA110 record "Arrears withheld and referred to Debt Management for recovery"

18. Debt Management will notify the claimant if arrears are to be used to recover an outstanding overpayment. If Debt Management decide to use the arrears they will take the entire amount. In cases where there is a residual amount due to the claimant, Debt Management are responsible for making the payment.

19. If DM cannot use the arrears they will notify the issuing office by e-mail within 3 working days. Upon receipt of the e-mail, go to 'Arrears returned by Debt Management'

Action for Attendance Allowance (AA)

20. The following action should be taken:

Step	Action
1	Where arrears are due that can be offered to Debt Management, for example, where lateness has been accepted on a supersession, you must check for any outstanding recoverable overpayment.
2	Access Dialogue AA502 and select F6 to view the 'Payment Adjustment' screen. If overpayment deductions are ongoing this will be shown as an 'Adjustment Type' with a start and end date.
3	If there are no ongoing overpayment deductions access CIS to check for a Debt Management interest. From the 'Account Summary' screen select 'Interests History'. If there is an open DM interest this will be shown as an interest with a start date but no end date. Note: KIV: There may be more than one screen to view. Click 'Next' above the 'Interest' bar to scroll through additional screens.
4	Where there is no outstanding recoverable overpayment indicated in AA502 or in CIS input and notify the decision as normal.

21. Where an outstanding recoverable overpayment exists refer the case to the AO on the Arrears Withheld proforma, indicating that there is an outstanding overpayment and that the arrears should be referred to Debt Management. The AO should take the following action:

Step	Action
1	Complete and send the Offsetting Arrears of Benefit Proforma to Debt Management using the email address link shown at the bottom of the proforma (SHSVCS CC Bradford Benefit Arrears Offsets), so that they can consider reducing the balance of the overpayment.
2	On the proforma input the group email address in the 'Email address of officer' field and Blackpool AA BC in the 'Office ID' field
3	Input 'Urgent: Arrears to Debt Management' in the subject field of the email

22. Input the Payment Adjustment decision, by taking the following action:

Step	Action
1	Access Dialogue AA105 and select 'Enter' to go to the 'Payment details' screen
2	Input 'N' in the 'Do you accept the payment shown?' field and select 'End'
3	Access Dialogue AA94 to finalise the payment and clear the decision
4	Issue notification to the claimant and send the case to Filestore
5	Record the action taken in AA110 and set a three working day case control titled 'DM Returned Arrears?' to check if the arrears have been returned. Debt Management have agreed to respond within three working days if they cannot accept the arrears (Note: Debt Management will only respond if they cannot accept the arrears)

23. When the case control matures check the group email address for your command to confirm whether the DM Returned Arrears proforma has been returned. If no proforma is received, assume Debt Management have accepted the arrears and take the following action:

Step	Action
1	Access Dialogue AA330 and select the payment to be offered to Debt Management by inputting the payment number in the 'Update/delete option' field
2	Select 'Enter' to go to the 'Record Calculation' screen
3	Select F4 to go to the 'Deduct from Underpayment' screen to withhold the arrears payment.

4	To withhold the arrears input deduction code 102 in the 'Adj.Type' field, the weekly rate of AA in the 'Dedn Amt/Wkly rate' field, the 'from' and 'to' dates of the arrears period in the 'From' and 'To' fields and 'Y' in the 'Approve for Payment' field
5	Select F21 to update the case and go to AA105
6	Go to the Payment Details screen, input 'Y' in the 'Do you accept the payment shown?' field and select 'End'
7	Note AA110 that arrears have been withheld and referred to Debt Management for recovery
8	Clear the case control

24. Debt Management will notify the claimant that their arrears of AA have been withheld to repay an outstanding overpayment. Debt Management will take the entire amount and where there is any residual amount due to the claimant Debt Management will be responsible for making the payment.
25. Debt Management will send the DM Returned Arrears proforma when they are unable to use the arrears. If DM cannot use the arrears they will notify the issuing office by e-mail within three working days. Upon receipt of the e-mail, go to 'Arrears returned by Debt Management'.

Sending cases to Debt Management

26. Arrears only cases are to be emailed to a single point of contact in Debt Management at: SHSVCS CC Bradford Benefit Arrears Offsets

Debt Management action

27.　　Once the benefit arrears have been forwarded to Debt Management then that in itself is deemed to be sufficient without the need for Debt Management to confirm receipt.
28.　　Debt Management are required to record and transact these arrears from the overpayment and will accept that the arrears are suitable for recovery with no further check.
29.　　Arrears only cases, forwarded directly to the CC at Bradford will be loaded onto Debt Manager and transacted onto the case overnight. The claimant's notification will also be generated and issued overnight. This notification contains a Debt Management contact telephone number for the claimant to use if they require any further help or explanation.
30.　　Claimant enquiries received by Debt Management, regarding the arrears (amounts, periods for, how its calculated and so on) will be directed towards the arrears referring office. Debt Management do not make any decision about arrears, other than whether or not they can be used against any outstanding overpayment. If a claimant makes an enquiry whilst that decision is outstanding then the referring office must respond.
31.　　If, for any reason, arrears cannot be used by Debt Management they will notify the referring office by e-mail, attaching a copy of the original referral proforma. The e-mail will instruct the referring office to issue the arrears to the claimant as they cannot be used by Debt Management

32.   The only circumstances requiring Debt Management to return the arrears to the referring office would be when they are unable to accept any of the arrears as repayment of an overpayment. This would be because of system checks on outstanding balances, for example, the outstanding balance is £0.00, or Debt types being deemed unsuitable, for example Debt Management cannot allocate benefit arrears against Social Fund loan overpayments.

33.   The e-mail (and returned referral proforma) will be sent back to the referring office within three working days if the arrears are deemed not usable for Debt Management purposes. Arrears indicated on the E-Referral submission may take longer to be returned due to current head of work.

34.   If all or part of the arrears are used it becomes the responsibility of Debt Management to deal with any outcome. For example, if arrears of £100 are referred but only £60 can be used against any outstanding debt then it is the responsibility of Debt Management to deal with refunding the remaining balance of £40 to the claimant. Refunds are a high priority for Debt Management and any that are generated as a result of accepting benefit arrears would follow normal Debt Management business processes.

Arrears returned by Debt Management

35. Upon receipt of the e-mail (and the DM Returned Arrears proforma, informing the referring office that the arrears cannot be used by Debt Management), check whether there is an overpayment not yet referred to Debt Management (with the appropriate Benefit Processing Team or Central Referral Team). If so, consider whether the returned arrears can be offset against the new overpayment – see Benefit Offsets guidance

36. If not, the following action needs to be taken:

37. For IS, IB, BB, PC and RP:

Step	Action
1	Pay the arrears to the claimant clerically using form FF100/FF146. For IB cases, you must request the Finance Officer to record the first FF146 (composite payment) as not issued in RP704 and re-issue the arrears keeping the tax history up to date.
2	Issue a clerical notification letter to the claimant.
3	Annotate 'Notepad'. After this entry, input in bold text "**Do not delete**" to ensure a permanent record is maintained.

38. For JSA and ESA:

Step	Action
1	Issue a clerical notification letter to the claimant.
2	Refer the 'e-mail (and returned referral proforma) from Debt Management to the Team Leader to pay arrears to the claimant, using Dialogue JA490.
3	Annotate Dialogue JA110 (Notepad). After this entry, input in bold text "**Do not delete**" to ensure a permanent record is

	maintained.

39. For JSA and ESA Team Leaders:

Step	Action
1	Pay arrears to the claimant via Dialogue JA490.
2	Annotate Dialogue JA110 (Notepad). After this entry, input in bold text "**Do not delete**" to ensure a permanent record is maintained.

40. For CA

Step	Action
1	Pay arrears to the claimant
2	Annotate Contact History with the details. After this entry, input in bold text "**Do not delete**" to ensure a permanent record is maintained.

41. For DLA

Step	Action
1	In DA330 select the underpayment (arrears) option, press 'Enter' and in the 'Record Calculation' screen, input a 'Y' in the 'Approve for payment?' option.
2	Finalise payment in DA105.
3	Delete the 'DM Returned Arrears? ' case control (if appropriate) in DA530

42. For AA

Step	Action
1	Access Dialogue AA330 and select the arrears payment to be paid to the claimant by inputting the payment number in the 'Update/Delete option' field
2	Select 'Enter' to go to the 'Record Calculation' screen
3	Select function key F4 to go to the 'Deduct from Underpayment' screen to release the arrears payment
4	Input 'Y' in 'Approve for payment' field
5	Finalise payment in dialogue AA105
6	Clear case control

Claimant contacts DWP around withholding arrears

43.	When the claimant states that the withholding of arrears would cause financial hardship they should contact Debt Management using the contact telephone number on the claimant notification letter.

44.	Debt Management will consider the case on the facts presented. If appropriate, Debt Management will arrange to have the debt balance adjusted and a refund issued to the claimant.

45.	It should be noted that there is no right of appeal against a lawful decision not to pay arrears that have been/are to be recovered. Any request to consider hardship would be conducted under normal Debt Management guidelines.