



Department
for Work &
Pensions

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[DWP Website](https://www.dwp.gov.uk)

Our Ref: FOI2022/95359

16 December 2022

Dear Gurpreet Kaur,

Thank you for your Freedom of Information (Fol) request received on 28 November. You wrote:

“Could you please disclose how many universal credit claimants have had payment deductions due to historic tax credit overpayments, with an annual break down going back as far as possible.

How much money has been deducted over the same period?

How much of this because of errors that weren't /were the claimants fault?

What and when were the largest 10 overpayments you identified and attempted to recoup during that period?

How many letters have been sent to universal credit claimants relating to deductions due to historic tax credit overpayments over the same period?

How many debts have you passed onto to private collection agencies in each year?

What are the names of these companies?

if you are unable to provide all of the information, please provide what you can”

DWP Response

We confirm that we do hold the information you have requested

How many universal credit claimants have had payment deductions due to historic tax credit overpayments, with an annual break down going back as far as possible.

Financial Year	Volume of Customers
2017-18	160.0k
2018-19	519.0k
2019-20	896.5k
2020-21	939.7k
2021-22	1,332.8k

Note that the figures show the number of Universal Credit accounts from which deductions were taken in each year shown. A person could have had deductions taken in multiple years and therefore they would be counted in multiple years' data.

How much money has been deducted over the same period?

Financial Year	Value
2017-18	£31.286m
2018-19	£97.443m
2019-20	£180.290m
2020-21	£179.340m
2021-22	£372.576m

How much of this because of errors that weren't /were the claimants fault?

Tax Credit overpayments are a design feature of the tax credits regime, as it is an annualised award derived from the previous year's income. An award of tax credits is always provisional until entitlement is calculated and finalised at the end of the tax year. This naturally leads to overpayments, owing to fluctuations in income or changes of circumstance.

Where an overpayment has occurred, claimants have three months from the date of their final decision notice to dispute recovery of their tax credits overpayment which must relate to the tax year the notice relates to. HMRC will only accept a late dispute in exceptional circumstances, for example, the claimant was in hospital for that 3-month period and no one else could deal with their affairs.

When a customer moves to Universal Credit, any tax credits debt for which the period to appeal/dispute has expired will transfer to DWP for collection. A letter (TC1131) is sent confirming the amounts.

What and when were the largest 10 overpayments you identified and attempted to recoup during that period?

Financial Year	Value
2018-19	£45k
2019-20	£41k
2018-19	£39k
2019-20	£39k
2019-20	£38k
2019-20	£38k
2019-20	£37k
2018-19	£37k
2019-20	£37k
2018-19	£34k

How many letters have been sent to universal credit claimants relating to deductions due to historic tax credit overpayments over the same period?

We do not capture this data.

However, I can explain that when recovery of a Tax Credit overpayment commences by deduction from Universal Credit, the customer is sent a letter in their journal which explains that the overpayment will be recovered via deductions from the customer's on-going benefit award and the amount to be deducted.

How many debts have you passed onto to private collection agencies in each year?

We are unable to provide figures of 'how many debts have been passed to Private Sector Suppliers each year' as this information is not available, as a customer's whole account is transferred over for their management, not singular overpayments.

Therefore, a snapshot in time has been provided to show the volume of Tax Credit Overpayments held with Private Sector Suppliers.

Volume of Tax Credit Overpayments that are currently with Private Sector Suppliers as at 05/12/2022 equates to 28,804 overpayments.

What are the names of these companies?

From March 2015, the contract for debt recovery has been operated by *Indesser*.

If you have any queries about this letter, please contact us quoting the reference number above.

Yours sincerely,

DWP Central Freedom of Information Team
Department for Work and Pensions

Your right to complain under the Freedom of Information Act

If you are not happy with this response you may request an internal review by e-mailing freedom-of-information-request@dwp.gov.uk or by writing to: DWP Central Fol Team, Caxton House, 6-12 Tothill Street, London, SW1H 9NA.

Any review request should be submitted within two months of the date of this letter.

If you are not content with the outcome of the internal review you may apply directly to the Information Commissioner's Office for a decision. Generally, the Commissioner cannot make a decision unless you have exhausted our own complaints procedure. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.

Website: [ICO FOI and EIR complaints](#) or telephone 0303 123 1113.