



# UC38 Over and Underpayments

**v40.0**

# Aim and objectives

This module aims to provide the learner with the skills and knowledge to correctly action underpayments/overpayments and refer overpayments to Debt Management Services (DMS).

By the end of this module, with the aid of any reference material, you will be able to correctly:

- explain how an underpayment may occur
- describe the process to action an underpayment
- state the possible causes of an overpayment
- explain civil penalties
- describe the rights of appeal
- explain the process for recovering overpayments

# Self-paced learning



Complete the self-paced learning on over and underpayments.

This should take 20 minutes.

# Review an overpayment or underpayment to-do

Determining there is a genuine over or underpayment

Capture the reason the payment error happened

Record the amount of the over or underpayment

Reviewing any existing debt

Referring to debt management services

Paying the claimant

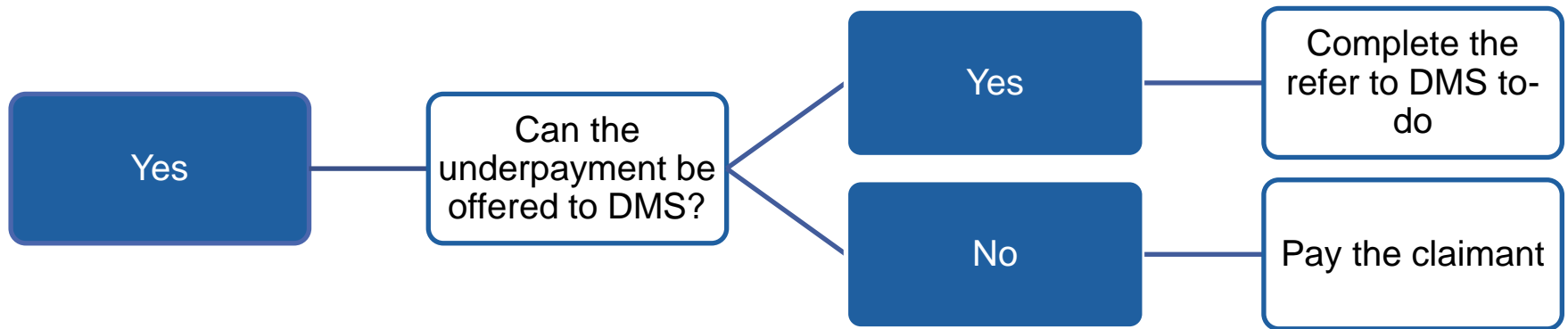
Notifying the claimant

## Is the calculation correct? 1 of 2

No

Perform a manual calculation to determine the correct figures.

## Is the calculation correct? 2 of 2



## Important information when referring to DMS

Existing debts will show in the claimant history

Contact DMS to discuss offsetting arrears

Complete the 'offsetting arrears of benefit form

DMS will pay the claimant remaining monies

## Paying an underpayment

The calculate payment to-do explains the process for making a payment

Underpayments due to housing costs can be paid direct to landlord

Where the alternative payment arrangement – managed payment to landlord is in place the underpayment is due to the landlord.



# Large underpayments

You must signpost additional support to claimants, to help them manage lump sum payments being paid to them as a result of a large underpayment.

Always offer this support where a payment of £3000 or more is due or where a payment higher than the claimants' usual monthly Universal Credit allowance is due and there is a risk of harm to the claimant if it is paid as a lump sum.

For example, claimants who may be suffering from drug, alcohol or gambling addictions and claimants suffering from mental health conditions.

# Processing an overpayment

Overpayments of £65.01 and over should be referred to DMS for recovery action.

# Overpayment caused by claimant error

Overpayments caused by claimant error need to be investigated as a civil penalty may be appropriate.

### Decision maker response received

- Record the decision on the to-do
- Notify the claimant

# System quality assurance actions

Where the service does not create the 'review an overpayment or underpayment' to-do you need to create a 'calculate retrospective payment' to-do. This will prompt you to complete a manual calculation.

Once completed the calculation should be sent to System Quality Assurance (SQA) who will check it is correct and return it for further action.

# Claimant reactions question 1



What is the potential impact of an over or underpayment on the claimant?



- An underpayment may create financial hardship
- Overpayment recovery may cause financial hardship
- Distress when an over or underpayment is caused by departmental error

# Claimant reactions question 2



How might a claimant react to an over or an underpayment that has placed them into financial hardship?



- Angry
- Aggressive
- Frustrated
- Tearful
- Confused

# Module summary

In this topic you have learned:

- how an underpayment may occur
- the process to action an underpayment
- the possible causes of an overpayment
- about civil penalties
- the rights of appeal
- the process for recovering overpayments