



# **UC38 Over and Underpayments**

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## Important information

Topic	Topic title	Duration
Topic 01		60 minutes
Total duration of all topics		60 minutes

Job role	Learning required	Duration
Case manager Service centre team leader	All topics	60 minutes



This learning is a blend of facilitated and self-paced learning. The self-paced section covers the policy and the facilitated learning covers the service actions.

If you have any feedback on this product, please follow the



Helpdesk link below:

[LDO Helpdesk](#)

### Module aim and objectives



Show slide 01 – UC38 Over and Underpayments



Show slide 02– Module Aim and Objectives

Please allow the learners time to read through the Aim and Objectives on the slide.



Show slide 03 – Self-paced learning

Leave this slide on display while the learners complete the self-paced element. This should take 20 minutes.

### Review an overpayment or underpayment to-do

When we verify a retrospective change of circumstances, the service will generate a 'Review an overpayment or underpayment' to-do. The claimant history will show the

original to-do and calculation which will speed up the response to any claimant queries.



Show slide 04 – Review an overpayment or underpayment to-do

This slide is animated. Select seven times to reveal the below information.

The to-do will take you through the steps to processing an over or underpayment. These include;

- 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

For both over and underpayments you will need to check for any other to-do's that may affect payment. The to-do will tell you what these are.

## Processing an underpayment

Before an underpayment can be released to the claimant we need to make sure that the calculation is correct.

If the calculation is incorrect.



Show slide 05 – Is the calculation correct? 1 of 2

Where the calculation for the underpayment is wrong you will need to complete a manual calculation.

The manual calculation should be saved as a PDF file and attached to the to-do.



The learners will cover manual calculations within UC27 calculation of payments.

When the calculation is correct.



Show slide 06 – Is the calculation correct? 2 of 2



Once you have confirmed there is a genuine underpayment and the amount is correct Universal Credit will check that no existing debts are in place.

The service automatically determines;

- whether a claimant has a debt and
- if the debts can be offset by arrears of a benefit.

If we can offer the debt to Debt Management Service (DMS), the service will ask for further information about the source of the underpayment as we cannot refer some underpayments.

The service will tell you if we can offer the underpayment to DMS.

On completion of the 'Review an overpayment or underpayment' to-do the service will generate an 'Offer underpayment to debt management' to-do, where we refer the underpayment.

This tells you the process to follow and displays the correct email address for debt management depending on whether a claimant is in Britain or Northern Ireland.

### Important information when referring to DMS



Show slide 07 – Important information when referring to DMS.

This slide is animated. Select 4 times to reveal the information below.

- If the claimant has existing debt this will show in the 'Claimant history'; Calculate deductions notification received.
- You should contact DMS to discuss the offset of any arrears.
- Do not give the DMS number within the 'Calculate payment' ALP to claimants.
- Complete the 'Offsetting arrears of benefit' form. You can find this within the resources section of Universal Learning.
- DMS will recover any debt and pay the claimant any remaining monies.

### Paying an underpayment



Show slide 08 – Paying an underpayment

This slide is animated. Select three times to reveal the below information.

When there are no debts for the underpayment to be offset against the arrears should be paid to the claimant using the Central Payment System. The calculate payment to-do explains the process for making payment to the claimant.

If the underpayment is due to housing costs the arrears can be paid direct to the landlord.

Where there is an alternative payment arrangement in place, the underpayment should be sent to the landlord.

### Large underpayments



Show slide 09 – Large Underpayments

A process is in place to help protect a claimant where they are to be paid a large underpayment. The Over/Underpayment to-do gives you full instruction.

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

Always offer this support:

- where a payment of £3000 or more is due
- 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 addiction
- alcohol addiction
- mental health conditions
- gambling addiction

may be at risk of harm if we paid the Universal Credit Allowance due as a lump sum.

In both these instances you must ring the claimant to discuss the payment.

Claimants can get additional money advice and support from the Money Advice Service, the Money Advice Trust and Citizens Advice.

Ask the claimant if they would rather receive the amount due as a lump sum, have the payment made to another person, or have the underpayment split over number of months. A combination of these can be put into place.

You will then issue a single payment or arrange ongoing payments in CPS.

## Processing an overpayment



Show slide 10 – Processing an overpayment

We need to account for all overpayments and refer to DMS to consider recovery action where cost effective.

Overpayments of £65 or under (small overpayments or SMOPs) are not cost effective. There are exceptions to this limit such as fraud debts, we rectify these regardless of the amount overpaid.

### Overpayment caused by claimant error



Show slide 11– Overpayment caused by claimant error

Where the overpayment has been caused by the claimant reporting a change in circumstances late you will need to ask the claimant for further information. The review an overpayment or underpayment to-do will tell you how to do this.

This information is needed so that a decision maker can determine if a civil penalty is appropriate.

Decision maker response received.



Show slide 12– Decision maker response received

Once you have received the response from the decision maker you need to record it on the to-do.

The to-do will take you through the necessary steps and advise you which notification you need to send to the claimant. The notifications can be found in the resources section of Universal Learning.

## System quality assurance actions



Show slide 13 – System quality assurance actions

If the service does not create the 'review an overpayment or underpayment' to-do you will need to create a 'Calculate a retrospective payment' to-do where you upload the manual calculation; at this stage send an email to System Quality Assurance (SQA) to check the manual calculation.

When SQA has checked the manual calculation and it is correct, they will return it to the owning service centre so payment can be made. Create the statement and complete a 'Make a payment' to-do then issue a payment via CPS.

The system functionality now means there are very few cases where a manual CPS payment is required. The system should pull the payment from the completed 'Make a payment' to-do and issue it via CPS automatically.

### Claimant Reactions to an under or overpayment



Show slide 14 – Claimant reactions question

This slide is animated. Select to reveal the answer to the question below.



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

Ask the learners to respond verbally or using the chat.

- Underpaid claimants may suffer financial hardship. They may be unable to meet their financial demands such as household bills, childcare costs and day to day living.



- Claimants who receive an overpayment and are not aware of it may spend it. When this amount is recovered by DMS it may cause financial hardship.
- When the claimant reports changes correctly and on time, a wrong action or delay in actioning these changes results in an overpayment. When the claimant is notified of the overpayment this causes a negative reaction from the claimant and a potentially difficult call



Using a whiteboard, ask the learners to write on the whiteboard the answers to:

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



Show slide 15– Claimant reactions question 2

This slide is animated. Select to reveal the answers after the above discussion.





Answers could include:

- angry
- aggressive
- frustrated
- tearful
- confused



Keeping the whiteboard on the screen ask the learners:

For SCTLs:

How would you support your team member during and after a difficult call?

For case managers:

What support would you require from your team leader when dealing with difficult calls?

Suggested answers:

- team members will have completed the communication skills and complex needs modules



and can execute the skills effectively

- team members have received training in handling and having difficult conversations
- allow team members time to reflect on the call and complete any incident report forms



Team leaders may have calls escalated to them by their team members. They will need to execute the skills they have covered in communication skills module to support their team. Always approach the subject of seeking help elsewhere with compassion and empathy.



### **For delivery to Service Centre Team Leaders.**

Counter Fraud and Compliance Directorate (CFCD) look at payment accuracy and Monetary Value of Error (MVE). High risk areas are highlighted to the site leads who direct the quality team to assess cases with a high-risk. This is to understand the root cause so that improvement activity can be put in place.

Further information is held in learning module UC62 Assessing the Customer Experience (ACE).



Either with a whiteboard or a discussion ask the learners:

What advice could you give to our claimants to help them manage their finances during the overpayment recovery period?





Ensure the following points are covered:

- Money manager
- Citizens advice
- Discussing with DMS
- utilising local charities
- food banks

## Module summary



Show slide 16 – Module summary

Allow the learners time to read.