



Department
for Work &
Pensions

GUY OPPERMAN MP
Minister for Pensions

Rt Hon Stephen Timms MP
Chair, Work and Pensions Committee
House of Commons

31 March 2021

Dear Stephen,

Thank you for your recent letter on the Department's work to transform our payment exception services, which currently include the Post Office card account (POCa) and HMG Payment Exception Service.

The Department's policy is to pay benefits and pensions into a standard bank, building society, credit union or internet-based account. Paying claimants through into a standard account is the modern, efficient, and safest payment method for the customer, and the Department.

Standard accounts have many advantages for the individual, for example, the ability to use direct debits and to pay for goods and services using a debit card. A standard account allows customers to access cash payments via a wide range of outlets and settings. The Post Office delivers personal banking services for a wide range of banks, building societies and other financial institutions, including cash withdrawal with a debit card.

Please find below responses to each of your questions.

1. How many people currently receive payments of benefits or their state pension into a Post Office card account?

The number of active Post Office card accounts (POCa) is now less than 550k. This is the total volume of accounts in use across Government.

2. The Department began encouraging people to move away from using Post Office card accounts about three years ago. Since then, how many people have switched to using a bank account to receive their benefits or pension?

The Department has been encouraging POCa customers to transfer to a standard account since 2016.

POCa applications were closed to new customers from May 2020 with new claimants who are unable to access a standard account supported through the HMG Payment Exception Service to receive their benefit or pension payments. The number of active POCa accounts has reduced by around three-quarters since 2016; there are 1.65 million less people using POCa than in 2016.

3. What consideration have you given to the timing of the change, given that many people – especially those without internet access or digital skills – will have found it difficult to open a new account because of coronavirus restrictions?

The Department is committed to supporting claimants to access their benefit and pension payments as we transform our payment exception services. Nobody will be left without a means to access to their benefits or pension.

Where claimants do not currently have access to a standard account, support is available through a variety of means. For example, the Money and Pensions Service (MaPS) will help to open a standard account. MaPS provides independent advice on a range of personal banking services through a number of different mediums (e.g. telephone advice, website and live web chat) and support customers to identify a standard account that is right for them.

Furthermore, the Department has a dedicated, experienced team to support POCa customers through the process of updating their payment details from their POCa account to a standard account.

We recognise the difficulties made by the ongoing COVID-19 restrictions and during this period, our team is advising POCa customers without an existing standard account or internet access to contact a bank or building society by phone to enquire how they can arrange to open an account. DWP has also put in place assistance for the most clinically vulnerable customers during lock down.

The evidence is that since 2016 the number of active POCa accounts has reduced by around three-quarters, and the Department is currently supporting thousands of POCa customers each week to update their payment details to a standard account.

4. As November 2021 approaches, what steps will the Department take to support people who are still using their Post Office card account?

The Department has put in place a range of support for claimants with an active POCa account. These include:

- **Communications.** We issue regular communications to active POCa customers to update them on the closure of the POCa contract, how they can update the Department with details of a standard account into which the Department could pay their benefits and pension, and provide details on the help available to support them to access a standard account and next steps if they are unable to access a standard account.

We have plans to send further letters to all POca customers with an active POca before they are migrated to our payment exception service.

- **Dedicated helpline.** Staff in our dedicated Customer Contact Centre supports POca customers to update their payment details to a standard account, to answer POca customers' questions about how POca accounts are changing and to sign post POca customers to impartial financial advice available through the MaPS.
- **Personal banking advice.** POca customers who do not already have access to a standard account and need additional support to open a new account can access the support in a variety of ways. One example is the assistance by MaPS, which provides independent advice on a range of personal banking services through a number of different mediums and support customers to identify a standard account that is right for them.
- **Support from the Post Office.** We are also working closely with Post Office Limited on the support that their teams can provide to POca customers. For example, we have recently launched leaflets in some Post Offices to support POca customers together with details of how they can update their payment details to a standard account.

4a. What will happen if someone has not provided alternative payment details by the time the contract comes to an end?

POca customers who are unable to access a standard account will continue to receive their benefit and pension payments through our payment exception service. Nobody will be left without access to their benefits or pension.

5. Do you have any plans to introduce a replacement service when the Post Office card account contract comes to an end?

An exception service will remain in place for customers when the Post Office card account comes to an end. We will update Parliament in due course with progress.

6. When does the contract for the Payment Exception Service come to an end? What consideration have you given to what service could or should replace it?

The current HMG Payment Exception Service contract expires in September 2021. The Department will continue to provide an exception service beyond this for claimants who are unable to access a standard account to receive their benefit and pension payments.

Our payment exception service is a voucher-based payment service. Claimants can choose to access their benefit and pension cash payments through a plastic card, a SMS text message or by email.

7. What assessment have you made of the availability and accessibility of PayPoint outlets, especially in rural areas?

The best way for claimants to receive their benefit and pension payments both rural or urban locations, is through a standard account. Paying claimants into a standard account is the modern, efficient and safest payment method for the customer.

An exception service will remain in place to ensure claimants who are not able to access a standard account can continue to receive their benefit and pension payments as cash. A priority for the Department is the geographical coverage of outlets for claimants to access their cash payments.

8. What recent consideration has the Department given to supporting the provision of “jam jar” accounts to help claimants with budgeting?

Since the Department concluded proof of concept reviews in 2016, there have been no further consideration of “jam jar” accounts or similar provisions. The Department believes the most effective way to support those financially excluded is through the budgeting tools available.

Claimants can receive budgeting advice via multiple channels, and multiple local charities and organisations. There are also online budgeting tools available to support claimants with managing their finances; these include the services offered by the Money and Pension Service, free of charge.

A handwritten signature in blue ink, appearing to read 'Guy Opperman', with a large, sweeping horizontal stroke underneath.

**Guy Opperman MP
MINISTER FOR PENSIONS
AND FINANCIAL INCLUSION**



Work and Pensions Committee

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Guy Opperman
Minister for Pensions and Financial Inclusion
Department for Work and Pensions

From the Chair

11 March 2021

Dear Guy,

Post Office Card Account

When the Secretary of State gave evidence to us on 3 February, we asked her about the future of Post Office card accounts. She told us that you were actively considering this matter. She made clear that it was still the Government's intention that the contract would come to an end, but that "no decision has yet been made on the final date when it would happen".

The current contract comes to an end in November 2021. It has recently been reported that the Department has written to claimants to tell them that the Government will stop making payments to Post Office card accounts after that date, and that they will need to make alternative arrangements.

We would be grateful if you could answer the following questions:

- 1. How many people currently receive payments of benefits or their state pension into a Post Office card account?**
- 2. The Department began encouraging people to move away from using Post Office card accounts about three years ago. Since then, how many people have switched to using a bank account to receive their benefits or pension?**
- 3. What consideration have you given to the timing of the change, given that many people—especially those without internet access or digital skills—will have found it difficult to open a new account because of coronavirus restrictions?**
- 4. As November 2021 approaches, what steps will the Department take to support people who are still using their Post Office card account?**
 - a. What will happen if someone has not provided alternative payment details by the time the contract comes to an end?**

The Department has made clear that people who cannot open a bank account will be able to use the Payment Exception Service, which allows people to collect their benefit or pension payments from PayPoint outlets. In a [written answer](#) provided in March 2020, you said:

“There are also two payment exception services (Post Office card account and HMG PES) that enable individuals who cannot manage a standard bank account, access to their money from various outlets. When the contracts for these services end, a replacement service will be introduced.”

5. Do you have any plans to introduce a replacement service when the Post Office card account contract comes to an end?

6. When does the contract for the Payment Exception Service come to an end? What consideration have you given to what service could or should replace it?

7. What assessment have you made of the availability and accessibility of PayPoint outlets, especially in rural areas?

In 2016, the Department published research it had commissioned into the banking needs of Universal Credit claimants. The report explained that “the Department for Work and Pensions wished to commission research to understand whether ‘Jam Jar’ or Budgeting Account-type products would effectively support claimants to manage a single combined benefit paid monthly.” It found that claimants intuitively understood and liked the idea, but that they considered the pricing structures of products on the market at that time to be “too expensive and poor value”.

8. What recent consideration has the Department given to supporting the provision of “jam jar” accounts to help claimants with budgeting?

We would be grateful for a reply by **Thursday 25 March**.

Yours sincerely,

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Rt Hon Stephen Timms MP
Chair



Work and Pensions Committee

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Guy Opperman
Minister for Pensions and Financial Inclusion
Department for Work and Pensions

From the Chair

February 2021

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We would be grateful for a reply by **Thursday 11 March**.

Yours sincerely,

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Rt Hon Stephen Timms MP
Chair

