Department for Work & Pensions

GUY OPPERMAN MP
Minister for Pensions

Stephen Timms MP
Work and Pensions Committee
House of Commons
SW1A 0AA

13 December 2021

Dear Stephen,

Thank you for your letter of the 22 November in relation to the Post Office card account (POca) service.

The Department's policy is to pay benefits and pensions into a transactional bank, building society, credit union or internet-based account. Paying benefits and pensions into a transactional account has a number of benefits including the ability to pay household bills by direct debit, increased flexibility to withdraw money from a variety of places and the ability to pay money into the account.

Since 2016 the number of post office card account customers has reduced from 2.2 million to just 260,000 in November 2021. The Department has made excellent progress in supporting customers to update their payment details from POca to transactional accounts, which have many more features than post office card accounts.

The Department is on track to complete the migration of POca customers to a standard account, or where POca customers are unable to access a transactional account, to the department's new Payment Exception Service (PES), by summer 2022. HMRC has provided the information on questions relevant to them. Any such questions would be better addressed directly to the Treasury Minister who has the governmental link.

Please find below responses to each of your questions.

1. As of 1 December 2021, how many claimants were still having their DWP benefits paid into a PO account?

The information on the number of active POca for 1 December 2021 is not currently available. Post Office Limited reports the number of active POcas to the Department at the beginning of each month. The information provided relates to the number of active POcas at the middle of the previous month. The latest information we have is for November 2021 where the number of active accounts stood at 260,000.

020 3267 5027
Minister.pensions@dwp.gsi.gov.uk
www.gov.uk/dwp
Caxton House
Tothill Street
London, SW1H 9AJ

a. How many of those claimants are also claiming HMRC benefits? How have those benefits been paid?

There are approximately 11,300 POca customers who are receiving HMRC payments into a Post Office card account. A proportion of these POca customers will also be receiving DWP payments, however, the Department does not hold information on the number of POca customers who are receiving payments from both DWP and HMRC.

2. Please could you outline, in full, DWP's process for contacting these claimants and for ensuring that they have understood the letters and taken the actions needed?

- **a. Are claimants asked to acknowledge receipt of the letter in any way? If so, what proportion of remaining account holders have done so?**

Customers are contacted by letter to inform them that the POca is ending. All POca customers will receive two letters during the phased migration. The first letter requests that they update their payment details to a transactional account. If POCa customers do not update their payment details, a second letter is sent four weeks later. This asks customers to update their payment details and advises that if they do not provide details within four weeks they will be migrated to the PES. POca customers are provided with details of the Financial Inclusion Customer Contact Centre, which can provide advice to customers, along with a form to complete to easily update their payment details.

All our letters include a freephone telephone number for our dedicated Financial Inclusion Customer Contact Centre who can also answer customer queries. Those who are unable to access or use a bank account will receive a payment card for the PES. Along with their payment card they receive details about how to use the service. They can access a list of frequently asked questions via HMGPay.com or for those without online access they can call the PES Helpline on Freephone 08000 152 902 for any further assistance.

To support customers through the migration, process the Department has put in place additional support for POca customers identified as potentially at risk of harm. This ensures customers identified as potentially vulnerable receive an outbound call to confirm they have received their final letters and respond to any queries on how to use the PES. If it is not possible to speak to the customer a referral is made for a visit before any action is taken to migrate them to the PES.

POca customers are not asked to acknowledge receipt of our letters. If letters are returned to the Department undelivered, then the Department has standard processes to take, which include contacting the customer by phone to update their address details.

3. Please could you supply copies of any standard letters or other communications that are being sent to claimants.

Annex A includes the Final Conversion Letter, which is the first letter sent to customers, and the Notice of Migration letter which is issued 4 weeks later if no response is received.

Letters will be issued in both English and Welsh for all customers living in a Welsh postcode and are available in accessible formats on request.

4. How will claimants who receive HMRC benefits and who cannot open a traditional bank account receive their benefits after November 2021?

Any HMRC benefit customer who does not have, or cannot open, a transactional account receives their payment in the form of a PayOut voucher, which are sent by mail or SMS to customers for them to cash at the Post Office, akin to the way that POca customers withdraw their money from the Post Office.

On 23 November 2021 HMRC agreed with the Financial Secretary to the Treasury (FST) that they would seek to align with DWP's POca contract extension.

The great majority of the around 150,000 customers who were receiving payments into a POca have arranged for their payments to be paid into bank accounts. Annex B provides the time series for the number of HMRC customers who receive their payment through a POca.

5. Why is the Payment Exception Service not available for HMRC benefits?

HMRC made the decision to continue with their existing similar service, PayOut, rather than migrate to the PES. HMRC have used PayOut since August 2017 and payment is made in the form of a voucher which customers are sent by mail or SMS for them to cash at the Post Office.

6. What steps has the Department taken specifically to ensure that claimants who are at risk of abuse or exploitation can continue to receive their money safely?
a. How does the Department know whether a claimant is "at risk of harm", and what proportion of the remaining account holders would be in this category?

The Department has developed targeted pre-migration support for POca customers identified as potentially at risk of harm.

The targeted pre-migration support includes an outbound call to confirm that the POca customer has received their final letters and if they have any queries on how to use the PES. If it is not possible to speak to the customer a referral is made for a visit before any action is taken to migrate them to the PES.

After migration to the PES, encashment data from the supplier is monitored for all PES users, which allows identification of customers who have not used the service, despite vouchers having been issued. Where vouchers expire before they are cashed, the Department will make an assessment before the voucher is reissued, including contacting the customer where appropriate. The PES design enables the Department to monitor customers encashment of vouchers, whereas the Department does not know if customers access the payments they receive into their Post Office card account.

Communications have been issued by Post Office Limited to Post Office branch staff on the PES so that they can provide advice to POca customers who are migrating to the PES.

Annex C provides the criteria that the Department uses to identify vulnerable customers who are migrating from the POca to the PES or transactional accounts.

7. What work has the Department carried out to understand the geographic availability and accessibility of PayPoint outlets?

All PES customers can access cash payments through the Post Office network and PayPoint locations across England, Scotland, Wales and Northern Ireland. This means POca customers who are migrated to PES can continue to access their payments at their usual Post Office as well as the additional 28,000 PayPoint locations.

8. Are there are plans to publish similar updates on Post Office account closures?

We have no plans to publish updates on POca closures.

Guy Opperman MP
Minister for Pensions and Financial Inclusion

Department for Work & Pensions

Title, Initial, Surname
Address Line 1
Address line 2
Address line 3
Address line 4
Postcode

Customer Service Centre
Cosham
Post Handling Site B
Wolverhampton
WV99 2FJ

www.gov.uk

Telephone: 0800 085 7133
Textphone: 0800 085 7146

Your reference:

Closure of your Post Office card account

Contact us now about how we pay you

Dear
Select Option

Confirm all dropdown options

We will soon stop paying your benefit or pension into your Post Office card account. You need to decide how you would like to be paid instead and let us know.

We can pay your benefit or pension into any bank, building society or credit union account.

What you need to do now

- call us on **0800 085 7133** to give us your new account details and we will switch your payments, or
- complete and return the enclosed form with your new account details

You can still use your local Post Office to access most UK bank accounts. This means you will still be able to get your money the same way as before.

If you have any questions about this change, please call our helpline on **0800 085 7133**. You may also want to talk about this with people who understand you and your circumstances.

Switch your payment quickly and easily by calling our helpline on 0800 085 7133.

Calls to 0800 numbers are free from personal mobiles and landlines.

We have many different ways we can communicate with you.

If you would like Braille, British Sign Language, a hearing loop, translations, large print, audio or something else please tell us using the phone number at the top of this letter.

Please turn over

What you need to do with your Post Office card account

When you have given us your bank, building society or credit union account details, **you need to take all of your money out of your Post Office card account.**

The Post Office can help you withdraw your money. Contact them on **0345 722 3344** (call charges may apply) or go to **www.postoffice.co.uk/poca** for more information.

What will happen next

If we do not hear from you soon, we will begin the process of moving your payments onto our Payment Exception Service. More information about the Payment Exception Service is included at the end of this letter.

Yours sincerely,

Office manager

Equality and Diversity

We treat people fairly, regardless of their disability, ethnicity, gender, sexual orientation, transgender status, marital or civil partnership status, age, religion or beliefs.

Call charges

Calls to 0800 numbers are free from personal mobiles and landlines.

Why DWP needs personal information and how we treat it

We treat personal information carefully. We may use it for any of our purposes. To learn more about information rights and how we use information, please see our DWP Personal Information Charter at **www.gov.uk/dwp/personal-information-charter**

Talk to us

Call us to tell us your account details or to discuss your options. Our telephone number is **0800 085 7133** (textphone **0800 085 7146**).

We will ask you for your National Insurance number which is:

We will also ask you some basic security questions.

Before you call us it might be useful to:

- keep this page to hand
- have your sort code and account number ready

Help with managing your money

For help with money and financial decisions you can ask Money Advice Service. Call them on **0800 138 7777** or find out information about the type of account that is right for you by searching 'choosing a bank account' on **www.moneyadviceservice.org.uk**

Payment Exception Service

The Payment Exception Service is a way for people who do not have a bank account to collect benefit or pension payments. It is only available in very limited circumstances.

You will be issued with vouchers. These will be loaded onto a payment card.

To get your money, you will need to exchange your vouchers in full at a payment outlet.
There is a limited time period to do this in. If the payment is not collected in time, the money gets returned to DWP to check why it has not been cashed. It will only be re-issued once those checks are complete.

The Payment Exception Service is not an account. It cannot be used to save money and you cannot transfer any of the balance in your Post Office card account to the Payment Exception Service.

Go to **www.gov.uk/payment-exception-service** for more information.

Everyday banking at the Post Office

You can access almost all UK bank accounts at the Post Office. You can take money out of your account, pay money in and check your balance at the Post Office branch you usually use. More information is available on their website at **www.postoffice.co.uk/everydaybanking** or by asking in your local branch.

Department for Work & Pensions

Title, Initial, Surname
Address Line 1
Address line 2
Address line 3
Address line 4
Postcode

Customer Service Centre
Cosham
Post Handling Site B
Wolverhampton
WV99 2FJ

www.gov.uk

Telephone: 0800 085 7133
Textphone: 0800 085 7146

Your reference:

Closure of your Post Office card account

We are changing the way we pay you

Dear

Select Option

Confirm all dropdown options

We wrote to you recently and asked you to tell us how you would like to be paid after your Post Office card account is closed. You have not contacted us with your account details yet.

You need to take action now. It is quick and easy to update your account details. You can:

- call us on **0800 085 7133** or
- complete and return the enclosed form

We can pay your benefit or pension into any bank, building society or credit union account. You can still use your local Post Office to access most UK bank accounts.

If you do not have an account, the Money Advice Service can help you find an account that is right for you. Call them on **0800 138 7777** or find information by searching ‘choosing a bank account’ on **www.moneyadviceservice.org.uk**

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Calls to 0800 numbers are free from personal mobiles and landlines.

We have many different ways we can communicate with you.

If you would like Braille, British Sign Language, a hearing loop, translations, large print, audio or something else please tell us using the phone number at the top of this letter.

Please turn over

If you do not give us your account details in the next 4 weeks, we will start to move you to the Payment Exception Service. The Payment Exception service is for people who do not have an account to collect their benefit or pension payments. There is more information at the back of this letter. You will also be sent information about this separately.

Closing your Post Office card account

Your Post Office card account is closing. You need to withdraw any money still in your Post Office card account. The Post Office can help you withdraw your money. Contact them on **0345 722 3344** (call charges may apply) or go to **www.postoffice.co.uk/poca** for more information.

Once you have withdrawn your money, they will close your account and you will no longer have access to it.

If you have any questions or need some help to decide what is best for you, you should contact us now on **0800 085 7133**.

Yours sincerely,

Office manager

Equality and Diversity

We treat people fairly, regardless of their disability, ethnicity, gender, sexual orientation, transgender status, marital or civil partnership status, age, religion or beliefs.

Call charges

Calls to 0800 numbers are free from personal mobiles and landlines.

Calls to 0345 numbers are charged at the national call rate. This is the same as the amount you pay to call 02 or 01 numbers. For exact call charges to 0345 numbers you will need to get in touch with your phone line provider.

Why DWP needs personal information and how we treat it

We treat personal information carefully. We may use it for any of our purposes. To learn more about information rights and how we use information, please see our DWP Personal Information Charter at **www.gov.uk/dwp/personal-information-charter**

Talk to us

Call us to tell us your account details or to discuss your options. Our telephone number is **0800 085 7133** (textphone **0800 085 7146**).

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We will also ask you some basic security questions.

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Go to **www.gov.uk/payment-exception-service** for more information.

Everyday banking at the Post Office

You can access almost all UK bank accounts at the Post Office. You can take money out of your account, pay money in and check your balance at the Post Office branch you usually use. More information is available on their website at **www.postoffice.co.uk/everydaybanking** or by asking in your local branch.

Annex B – HMRC customers paid into POca accounts

Month	POCAs
Jan-19	146,307
Jan-20	83,019
Jul-20	75,054
Jan-21	51,320
Jul-21	41,239
Aug-21	35,409
Sep-21	28,324
Oct-21	25,095
Nov-21	11,330
Overall reduction from Jan 19	**134,977**

Annex C – Criteria for vulnerable POca customers

DWP uses the following criteria to identify POca customers who are at risk of being vulnerable:

1. Customers who have less than £500 balance in their POca; **and**

2. Customers who have not responded to the final letters that the Department have sent; **and**

3. Customers meet one of the following criteria which is an indicator of risk:

    - Elderly customers who are aged 95 years and over; **or**
    - Customers who have frequent contact with POL that indicates a risk of harm e.g. regular loss of PIN and / or payment card, frequent calls to their Contact Centre; **or**
    - Customers identified as potentially vulnerable by the Financial Inclusion Conversion Customer Contact Centre during inbound and outbound telephone conversations with POca customers; **or**
    - Customers that DWP Advanced Customer Support Team, or Visits, identify (and share with us) as potentially vulnerable; **or**
    - Shielding customers who received a cash delivery during the Covid-19 lockdown.

Work and Pensions Committee
House of Commons, London, SW1A 0AA
Tel 020 7219 8976 Email workpencom@parliament.uk

Guy Opperman MP
Minister for Pensions
Department for Work and Pensions

18 November 2021

Dear Guy,

Post Office card accounts are used by people who do not have traditional bank accounts to receive their benefits, including the State Pension and tax credits/child benefit.

The Department is phasing out the use of Post Office card accounts to receive benefits. Since May 2021, PO accounts have been closed to new DWP customers.

I would appreciate if you would provide the following information.

No tax credit or child benefit payments will be made into a Post Office account after 30 November 2021, and DWP is writing to all existing PO account holders about moving to an alternative account. All payments from DWP to PO accounts will stop in November 2022. In April 2021, you told us that the Department will "continue to provide an exception service" beyond September 2021 (when the current Payment Exception Service contract ended) for claimants who are unable to receive their benefit or pension payments into a standard bank account.[1]

1. **As of 1 December 2021, how many claimants were still having their DWP benefits paid into a PO account?**
    a. **How many of those claimants are also claiming HMRC benefits? How have those benefits been paid?**

In July 2021, there were around 382,000 active PO accounts—a reduction from 590,000 in January 2021. The Post Office's website says that DWP has written to all PO card account holders about alternative arrangements for receiving their benefits, and will write again before payments cease.

2. **Please could you outline, in full, DWP's process for contacting these claimants and for ensuring that they have understood the letters and taken the actions needed?**
    a. **Are claimants asked to acknowledge receipt of the letter in any way? If so, what proportion of remaining account holders have done so?**
3. **Please could you supply copies of any standard letters or other communications that are being sent to claimants.**

In the previous Work and Pensions Committee's inquiries on *Universal Credit and survival sex* and *Universal Credit and domestic abuse*, the Committee heard about the need to ensure benefits reach their intended recipient when they cannot be paid into a traditional bank account, owned by the claimant. Some of the most disadvantaged claimants of DWP benefits will not be able to open bank accounts, and are vulnerable to having their payments stolen by third parties. For these people, alternatives such as the Post Office account and Payment Exception Service are vitally important: the previous Committee concluded they were clearly preferable to other options, such as paying benefits into a third party bank account.

The Payment Exception Service is available for DWP benefits, but not for HMRC benefits. This includes tax credits and child benefit, to which legacy benefit claimants are still entitled. After 30 November 2021, no payments of HMRC benefits will be made into Post Office card accounts. Gov.uk advises that "should

[1] https://committees.parliament.uk/publications/5638/documents/55662/default/

Work and Pensions Committee
House of Commons, London, SW1A 0AA
Tel 020 7219 8976 Email workpencom@parliament.uk

you be in receipt of tax credits, Child Benefit or Guardians Allowance you will need to provide HMRC with alternative bank details by 30th November 2021”. It also says that for “customers who we believe could be at risk of harm we will attempt to ring them to support them through the change”.

4. **How will claimants who receive HMRC benefits and who cannot open a traditional bank account receive their benefits after November 2021?**
5. **Why is the Payment Exception Service not available for HMRC benefits?**
6. **What steps has the Department taken specifically to ensure that claimants who are at risk of abuse or exploitation can continue to receive their money safely?**
    a. **How does the Department know whether a claimant is “at risk of harm”, and what proportion of the remaining account holders would be in this category?**

In my last letter on this issue, I asked what assessment the Department had made of the availability and accessibility of PayPoint outlets in rural areas. PayPoint outlets are required for claimants to use the PES. In your response, you said that “A priority for the Department is the geographical coverage of outlets for claimants to access their cash payments”.

7. **What work has the Department carried out to understand the geographic availability and accessibility of PayPoint outlets?**

In previous exercises where the Department has needed to contact large numbers of people about important financial information, it has published regular updates on its progress (for example, on the conversion of Support for Mortgage Interest into a loan).

8. **Are there are plans to publish similar updates on Post Office account closures?**

Yours sincerely,

Rt Hon Stephen Timms MP

Chair, Work and Pensions Committee