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Department for Work and Pensions
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SW1H 9DA

Stephen Timms MP
Chair
Work and Pensions Committee
House of Commons
LONDON
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Sent electronically 16 December 2021

Dear Stephen

WORK AND PENSION SELECT COMMITTEE HEARING: 24 NOVEMBER 2021

Thank you for your letter of 6 December following the Work and Pension Select Committee hearing on 24 November 2021. You have asked for details concerning how the Department handles and communicates with customers on debt, our internal processes and how we support customers in instances of identity theft. I am happy to address these areas below.

1. Would it be possible for the letters from Debt Management to explain how the overpayment has arisen, or even simply to state which part of DWP the debt relates to? That information would be helpful for people who need an explanation.

Our current systems limit what we can do here, although we can provide more information in the case of underpayments related to Universal Credit, and we are building a new debt system which will allow us to provide more information.

Taking the elements in turn, the existing debt process was designed to follow on from the overpayment recovery decision made by the relevant product line. The point I was making at the Committee was that, before a customer receives any notification from our debt teams, they will already have received a notification from the relevant product line explaining the basis of the overpayment, which will tell the customer which part of DWP the debt relates to. This notification (an Org 7 letter) sets out the following points:

- The amount overpaid and period of overpayment
- The reason for the overpayment

- Details of any related civil penalty
- Who to contact for more information
- What the customer should do if they disagree with the overpayment decision
- Who to contact to arrange repayment
- Where to get independent advice
- What happens next (i.e. if the claimant does not contact DWP)

In the case of Universal Credit, which is based on more modern systems, the first paragraph of the debt letter includes details for the claimant on what the period of the overpayment is, the amount owed and the reason behind the overpayment e.g. 'This is because your earnings for this period were not reported until after your benefit had been paid to you'.

With the new debt system, which we are currently building, we are working to build more information into our online self-service model. An example of this can be seen in **Annex A**.

DWP also recovers debt that is the responsibility of other bodies, for instance, debt owed to HMRC and local authorities. We rely on them to let customers know the basis of the debt before it is referred to us for collection.

For Universal Credit, the claimant receives details of any deductions in their statement. Deductions are itemised, and attributed to the appropriate agency (e.g. tax credit or housing benefit). For third party deductions such as gas or electricity, the claimant is notified via their journal that we've been instructed to collect debt and they will then find out how much we take when their next statement is produced.

2. Why do the letters from debt management, and the recorded message, not give any guidance for people who believe that they may be a victim of fraud? For example, there is no information about how to contact the Department's stolen identity team.

Our letters provide the telephone number to contact our debt teams, and all of our agents are trained to know what to do if fraud/stolen identity concerns are raised by a citizen. We have developed a process for agents to capture relevant details to pass to the Stolen ID team, who will then preview any claims in the citizen's name and make contact within 48 hours. We have found this to be the most effective way of handling these calls. I have checked the letters, and you are correct that they do not explicitly mention that customers should call this number if they believe they are a victim of fraud. We will look at how we can provide more guidance on this point.

Given the complexities of ID fraud the Department only becomes aware of its existence on an account when a victim contacts Debt Management or Universal Credit to raise that a case may not be genuine. Until that point the fraud has not been detected. The current process allows the agent to make a referral to the Stolen ID Team where we have built expertise to make what are serious decisions impacting the citizen. The reason we have an outbound call arrangement is to allow the Stolen ID Team to undertake necessary pre-call checks and make an initial review of the case which can be complex and involve multiple claims. We could not undertake this on a once and done basis on an inbound call.

We constantly monitor the accuracy and quality of the referrals and act upon feedback to ensure where these victims do contact DWP we handle them appropriately and with respect. This includes acting quickly where we identify non-compliance and improvements. To date we have supported around 6,500 citizens through the Stolen ID Team.

3. What should someone who does not know how the overpayment has arisen do? Who should they contact?

They should contact the team in the benefit line to which the overpayment is attributed. That information will be set out in their Org 7 letter, mentioned above. If their Org 7 letter is not available, they should phone the team responsible for the benefit they are claiming. All our telephone numbers are available on gov.uk.

4. Do you wish to correct the evidence you gave to the Committee?

In my evidence I was seeking to convey the information set out in section 1 above. I hope that answers the questions the Committee had on that point.

5. Why is DWP's Debt Management Team not able to speak to other parts of the Department to obtain more details and explain a debt?

Agents can and do speak with other parts of the Department as required when customers seek more detail on their debt. However, the current model is designed so that the debtor can speak to the area of the business that has made the recoverability decision and therefore discuss with an agent holding expertise in that particular benefit. This also means that the debt lines are able to deal with customers in a bespoke manner depending on their particular needs, for instance, on affordability, hardship, and payment plans.

6. Do you have any plans to review or change the customer journey for people who need an explanation of their debt or who may be victims of identity fraud?

Yes, we are exploring changes as part of Self Service and the new debt system. The new debt system is being developed in an agile way that will reflect the needs of customers. The Self Service platform is live and continues to be reviewed and updated in line with customer need.

7. For Universal Credit claimants who are no longer claiming UC, what form does the initial communication about their debt take? Would they, for example, need to access their UC journal?

For live claims the overpayment notification will be published in the UC journal. After a period of 14 months following closure of the UC claim the claimant would not be able to view any of the data held in the account due to GDPR restrictions.

Once referred to Debt Management new debtors without an existing payment plan will receive a notification via their UC journal. Off benefit customers will receive an LBA16/LBAR20 letter. The majority of these customers would then be able to be use the self-service option if they choose and see the breakdown of their debt.

8. If someone has been a victim of fraud, is it possible that those communications about the initial debt have gone to someone other than the person from whom the debt is being recovered?

If we are unaware that the claimant has been a victim of fraud, then the notification of the overpayment would initially be uploaded to the claimant's account. Consequently, access to initial communications depends on who has access to the claimant's account. We have a procedure in place to handle cases of suspected identity theft:

- Any hijacked identity cases which have not been identified as fraudulent prior to closure will follow normal processes and be sent to Debt Management to pursue recovery of any debts owed;
- From 2 December 2020 processes have been in place for Debt Management agents to refer cases directly to the UC Stolen ID Team (should a citizen receive a notification informing them about a debt for a claim they never made and then they subsequently contact Debt Management);
- The Stolen ID Team will contact individuals within 48 hours of being alerted to a case and build an assessment of the issue;
- Debt Management will suspend the debt once they have been advised to do so by the Stolen ID Team.

I hope the above provides clarity and assurance on how the Department communicates and supports customers in resolving debt matters and cases where identity theft is identified. I am committed to ensuring our services put the customer first, and as we build our new debt management system we have a good opportunity to make management of debt, and handling of situations where things go wrong, easier. While the Department and our customers alike continue to bear the challenges of COVID, we remain committed to ensuring fraud and error is tackled through modernising and adapting our systems to minimise fraud and impact on legitimate customers.

Yours sincerely
Peter Schofield

Peter Schofield CB
Permanent Secretary

ANNEX A

Details of what I owe

With a successful sign in, the following screen will show

What do you want to do?

Total amount owed:

£4,460.37

Choose an option:

- I want to view my payment options
- I want to view details of what I owe
- I need help and support in dealing with my debt

Continue

All debts will be listed, with an option to expand the information by clicking on the + sign:

Details of what I owe

Total amount owed:

£4,460.37

Open all

Universal Credit +

Advance payment

Social Fund +

Social Fund: Crisis Loan

Income Support +

Overpayment

Each heading is then broken down further with the corresponding telephone numbers for each Department should the customer have any further queries.

A link explaining call charges is also provided.

Find out about call charges

The example below illustrates the expanded Universal Credit advance(s) which are broken down to dates and amounts.

Details of what I owe

Total amount owed:
£4,460.37

Open all

Universal Credit

Advance payment

Amount owed	Date of advance
£1,250.00	01 April 2015
£572.00	01 April 2015
£456.22	01 April 2015
£110.40	01 April 2015
£2.75	01 April 2015

If you have any questions, you should contact Universal Credit directly:

Telephone: 0800 328 5644
Textphone: 0800 328 1344
Welsh language: 0800 328 1744
Monday to Friday, 8am to 6pm (except public holidays)

It also includes a breakdown of the Social Fund loan:

Details of what I owe

Total amount owed:
£4,460.37

Open all

Universal Credit
Advance payment
+

Social Fund
Social Fund: Crisis Loan
–

Amount owed	Application date
£498.00	**02 November 2015**

If you have any questions, you should contact Social Fund directly:

Telephone: 0800 169 0140
Textphone: 0800 169 286
Welsh Language: 0800 169 0140
Monday to Friday, 8am to 6pm (closed on bank holidays)

The system also offers an option to breakdown income support overpayment information.

Details of what I owe

Total amount owed:
£4,460.37

Open all

Universal Credit
Advance payment
+

Social Fund
Social Fund: Crisis Loan
+

Income Support
Overpayment
–

Amount owed	Overpayment period
£1,526.00	**01 April 2015 - 31 March 2016**

If you have any questions, you should contact Income Support directly:

Telephone: 0800 169 0310
Textphone: 0800 169 0314
Welsh language: 0800 328 1744
Monday to Friday, 8am to 5pm (closed on bank holidays)

Users would then click the < Back button to return to the option screen.

Department for Work & Pensions

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

Building or Office location
Office type
Street
Town
Postcode

www.gov.uk

Telephone: 0800 169 0310
Textphone: 0800 169 0314

Your reference:

Important: You have been paid more benefit than you're entitled to. You now need to pay this back

Dear

Select Option

We wrote to you on about a change to your [select option]. As a result of this change you have been overpaid and now need to repay this money.

Select Option

You are now in a minority of people who have received money they are not entitled to.

Select Option

Confirm all dropdown options

Social Security law entitles DWP to recover this money from you. Most people have already made arrangements to pay back their overpayment. You have a number of options available to you to repay this [select option].

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.

Overpayment of [select option]

Total to pay:
£
Amount overpaid:
£
Period of overpayment:
to

Civil Penalty amount:
Please select

Action
Act now to set up your repayment

Please turn over

(☑ Please choose your preferred option)

☐ **Pay the money you owe us**

You can do this quickly and conveniently by contacting the Debt Management team directly on **0800 916 0647** or using your internet banking (see page 4 for details).

☐ **Pay the overpayment through an affordable regular payment**

If you are not able to pay the full amount now, we can agree for you to pay weekly or monthly payments. To do this, contact us now on **0800 916 0647**.

☐ **Be Aware - if you do nothing now - we will contact your employer (if you are working) to arrange deductions of up to 40% of your net earnings.** If you do not respond to this letter within 1 month we will treat this as an active choice andyou will lose the opportunity to choose your repayment amount.

If you cannot repay this amount now, you need to contact us on **0800 916 0647** or **textphone 0800 916 0651** as soon as possible so we can agree a lower repayment plan which you can afford

If you currently get a means-tested benefit (such as Income Support or income-based Jobseeker's Allowance) **we can deduct up to £29.60 per week**. But it could be more if you receive other benefits or income.

Getting money directly from your wages
(called a Direct Earnings Attachment)

We can get back the money you owe us by asking your employer to make deductions from your wages and to pay this money to us.

The law allows us to do this without applying to a Civil Court and your employer is legally bound to comply if requested to do so. The amount your employer will take each time you are paid will depend on the amount you earn. **It could be up to 40% of your net earnings**.

Your employer may also charge you an administration fee; this will not exceed £1 for each payment deducted from your earnings.

Social Security Law and the Civil Penalty

Receiving a Civil Penalty

Social Security law allows us to impose a financial penalty if we decide that you were overpaid benefit because you:

- negligently made an incorrect statement/representation of information about your claim or award without taking reasonable steps to correct it
- or failed to provide information or evidence as required for your claim or award without reasonable excuse
- or failed to report changes in your circumstances as required for your claim or award without reasonable excuse

Social Security law allows us to recover the penalty as well as the overpayment. We will recover the penalty first, and then the overpayment.

More information and what happens next

Telephone:	**0800 169 0310**
Textphone:	**0800 169 0314**
Opening hours:	Mon to Fri 8am to 6pm

Address: **[insert service centre address]**
[insert service centre address]
[insert service centre address]
[insert service centre address]

Get in touch using the contact details above if you would like more information. You can also write to the address shown above.

You also have the right of appeal against any decisions detailed in this letter. See last page for more information on what to do if you disagree with these decisions. If you have any questions, take a look at **www.gov.uk**

You may like to contact a local support organisation who can provide independent help and support. You can find their details online, at your local library or in the telephone directory.

How to pay

You should make all payments to our Debt Management team. If you cannot pay the amount in full, we will discuss a repayment plan you can afford.

If you already owe us money, this [select option] will be added to that amount. We will contact you if we need to review how much you are currently paying back.

By debit card or direct debit	You can pay by debit card (Visa Debit, Debit MasterCard, and Maestro). Please have your bank, building society or card details to hand along with your letter when you ring.	Call Debt Management Telephone: **0800 916 0647** Textphone: **0800 916 0651** Open Monday to Friday 8:00am to 8:00pm, Saturday 9:00am to 4:00pm.
By telephone or internet banking	If your bank account allows you to pay bills, you can pay by telephone or internet banking, using these bank account details.	**Sort code:** 60-70-80 **Account number:** 10025634 **Reference:**
By deduction from your benefits	If you are receiving benefits and have not repaid the amount you owe us within one month of the date of this letter, we will deduct money from your benefit to repay this. There is no right of appeal against these deductions.	
You can also write to us at:	Debt Management (C) Mail Handling Site A Wolverhampton WV98 2DF	

What to do if you think the decisions are wrong

If you think the decisions are wrong, please get in touch with us by telephone or in writing, within one month of the date of this letter, using the details below. If you do not contact us within one month of the date of this letter we may only be able to change our original decisions from the date you contact us.

Telephone: **0800 169 0310**
Textphone: **0800 169 0314**
Opening hours: Mon to Fri 8am to 6pm

Address: **[insert service centre address]**
[insert service centre address]
[insert service centre address]
[insert service centre address]

You can appeal against the decisions, but you cannot do this before you have asked us to look at the decisions again. We call this a **Mandatory Reconsideration**.

You, or someone who has the authority to act for you, can:

- ask us for an explanation of the decisions
- or ask for a written statement of reasons for the decisions, if we have not already sent one
- or ask us to look at the decisions again, to see if they can be changed. There may be some facts you think we have overlooked, or you may have further information that affects the decisions

When we have looked at the decisions again, we will send you a letter explaining what we have done. We call this a **Mandatory Reconsideration Notice**.

This will include all the information you need to be able to appeal.

Yours sincerely,

Operations 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.

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**

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

Peter Schofield
Permanent Secretary
Department for Work and Pensions

6 December 2021

Dear Peter,

Thank you for giving evidence to the Committee on 24 November.

This letter is about the processes that DWP follows when it believes that someone owes it a debt—whether it is a genuine overpayment or a debt arising from identity fraud.

Since the session, and a feature on this subject on the BBC's Money Box in which I took part, we have received a steady stream of phone calls from people who have received letters from DWP's debt management service but do not know what their debt is for. Many of them tell us that they have never claimed benefits.

Explanations of the debt

On 24 November, you told us:

> "Obviously, there is also a telephone number on [the letter from debt management] as well. For whatever reason, if they did not get that first letter or it was not clear to them, they can phone up and we can explain it to them."

That is not, in fact, the case. If someone phones the telephone number on the letter, there is no way to obtain an explanation. A recorded message explains that "we cannot give explanations of how your overpayment has occurred".

The recorded message tells them to contact "the part of DWP from which your overpayment has arisen". But the letter from debt management does not explain which part of DWP that is.

1. **Would it be possible for the letters from Debt Management to explain how the overpayment has arisen, or even simply to state which part of DWP the debt relates to? That information would be helpful for people who need an explanation.**

2. **Why do the letters from debt management, and the recorded message, not give any guidance for people who believe that they may be a victim of fraud? For example, there is no information about how to contact the Department's stolen identity team.**

3. **What should someone who does not know how the overpayment has arisen do? Who should they contact?**

4. **Do you wish to correct the evidence you gave to the Committee?**

I raised with the debt management team the case of one of my constituents, who received a letter from Debt Management about a debt he was not aware of.

They were able to give me some more information about the debt he apparently owes them. But the letter from DWP's debt management team also said that "As we are only provided with limited details about the overpayment, we are unable to provide details of how the overpayment arose and [your constituent] will therefore need to contact Universal Credit".

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

5. **Why is DWP's Debt Management Team not able to speak to other parts of the Department to obtain more details and explain a debt?**

6. **Do you have any plans to review or change the customer journey for people who need an explanation of their debt or who may be victims of identity fraud?**

Initial communications about the debt

You told us on 24 November that:

> "What should happen, and I believe does happen, is the benefit line where someone has had an overpayment would write first to say, "There has been an overpayment, and this is why.""

It seems that those communications are not always being received by claimants.

7. **For Universal Credit claimants who are no longer claiming UC, what form does the initial communication about their debt take? Would they, for example, need to access their UC journal?**

8. **If someone has been a victim of fraud, is it possible that those communications about the initial debt have gone to someone other than the person from whom the debt is being recovered?**

I would be grateful for a reply by Monday 13 December.

Yours sincerely,

Rt Hon Stephen Timms MP

Chair, Work and Pensions Committee