

# REFUGE – WRITTEN EVIDENCE (EUC0094)

## The economics of Universal Credit

### About Refuge

Refuge is the largest specialist provider of gender-based violence services in the country supporting over 6,500 women and children on any given day. Refuge opened the world's first refuge in 1971 in Chiswick and 47 years later, provides: a national network of 46 refuges, community outreach programmes, child support services, and acts as independent advocates for those experiencing domestic, sexual, and gender-based violence. We also run specialist services for survivors of modern slavery, 'honour'-based violence, and female genital mutilation. Refuge provides the National Domestic Abuse Helpline which receives hundreds of calls a day.

Refuge welcomes the opportunity to submit evidence to the House of Lords Economic Affairs Committee on the economics of Universal Credit.

### Summary

Universal Credit consolidated six different benefits into one single benefit, with the intention of simplifying the welfare system and making it less difficult to navigate.<sup>1</sup> Universal Credit claims, including joint claims, are paid as one, single monthly payment, into one bank account. There is an automatic minimum five-week waiting period between when a Universal Credit application is accepted and when the first payment is made. This applies to both entirely new applications for benefits and new Universal Credit claims that are made when there is a change of circumstance, such as separating from a partner or moving house, when the individual was previously claiming legacy benefits.

Survivors of gender-based violence, particularly domestic abuse, are severely disadvantaged by the structure of Universal Credit. Some aspects, namely the single household payment, the minimum five-week delay between Universal Credit application and first payment, and the two-child limit, can facilitate and exacerbate economic abuse, increase women's economic dependence on men, and increase domestic abuse survivors' poverty.

Research from Refuge in partnership with the Co-operative Bank found that 1 in 5 adults in England and Wales have experienced economic abuse at some point in their lives. The research found that economic abuse rarely exists in isolation, with many survivors also experiencing physical, emotional and sexual abuse.<sup>2</sup> Many survivors highlight economic abuse and a lack of access to money as a key reason why they could not flee their perpetrator as soon as they wanted to. The single household payment model means that survivors are even more vulnerable to economic abuse at the hands of their abusive partners. Single payments make it easy for the abuser to gain total control over the entire household

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<sup>1</sup> These benefits are: Job Seekers Allowance, Income Support, Child Tax Credits, Housing benefit, Working Tax Credits, and Employment and Support Allowance.

<sup>2</sup> Refuge (2015), 'Money Matters'. <https://www.refuge.org.uk/files/Money-Matters.pdf>

income overnight under this model and gain a level of control that may have taken them weeks and months to gain previously. This limits survivors' options to stay safe when in relationships and ultimately their choices when it comes to fleeing.

The five-week delay typically kicks in for survivors at the point of fleeing; survivors who didn't claim Universal Credit before will typically make a claim after fleeing as many survivors have to leave their jobs to stay safe, and/or have to use their benefit entitlement to part-fund a stay in a refuge. Survivors who were claiming legacy benefits jointly with their abuser will typically need to make a new Universal Credit claim as a single claimant after they have fled. Both of these cases will prompt the minimum five-week delay, which pushes women and children into poverty at an incredibly traumatic and expensive time.

In cases of domestic abuse, the two-child limit on child-related benefits acts to make survivors of abuse more financially dependent on perpetrators, again limiting their options for staying safe. The non-consensual conception exemption, commonly known as the 'rape clause' where survivors can seek an exemption from the two-child limit if the relevant child was conceived following rape, traumatises survivors, can stigmatise children and is not fit for purpose.

Single household payments, the minimum five-week delay, and the two-child limit on child-related benefits mean that Universal Credit is failing to meet its original objectives, namely to tackle poverty and encourage more people into work and to make even small amounts of work pay. These failures expose that some assumptions implicit in the design of Universal Credit do not cohere with the reality of many survivors' lives, with the entire system disproportionately disadvantaging survivors and by extension, women.

The Government is making demonstrable progress in recognising the existence and impact of economic abuse. In the Domestic Abuse Bill (that failed to pass through both Houses of Parliament before the 2019 general election but is set to be reintroduced this year), the proposed new statutory definition of domestic abuse was set to include economic abuse for the first time. However, this laudable objective is being undermined by the single payment structure of Universal Credit, meaning that one area of Government policy is actively trying to recognise and reduce economic abuse, while another part is directly facilitating and exacerbating economic abuse. Refuge therefore submits that the case for reforming Universal Credit so it better meets the needs of survivors is strong, and the following recommendations ought to be considered and adopted:

**Recommendation: pay all joint Universal Credit payments separately by default as the Scottish Government has already legislated for, but is dependent on the Department for Work and Pensions to implement.**

**Recommendation: exempt survivors of domestic abuse from repaying benefit advances.**

**Recommendation: reverse the two-child limit on child-related benefits.**

## **Universal Credit original objectives**

### Single household payments

Of the original policy objectives of Universal Credit, there are two that are most pertinent to the women and children that Refuge support. These are to “tackle poverty through both increased take-up since the system will be simpler and from increased reward from employment for the customer” and “encourage more people into work and to make even small amounts of work pay and be seen to pay”.<sup>3</sup> Single household payments undermine both of these original policy objectives.

When making a joint claim for Universal Credit, couples nominate a bank account into which the entire payment will be paid each and every month – including the housing element of the payment. If one party to the joint claim is abusive, where they seek to control and coerce their partner, nominating their bank account or restricting access to the nominated bank account is an easy way to gain total control over the entire household benefit income – which in some cases is simply the entire household income. Single household payments hand over a level of power overnight it may have taken abusers weeks, months, or years to gain previously. Refuge frontline staff have encountered numerous cases where the perpetrator has had the Universal Credit payment paid directly into their bank account and have used the money as a tool for coercive control. Examples include:

- Perpetrators giving women a strict ‘allowance’, requiring receipts and explanations of every purchase made. Several women have disclosed that they have had to beg the perpetrator for money to buy food. In these situations women opt to provide for their children, forgoing food and basic necessities for themselves if the perpetrator has refused to give them an adequate ‘allowance’
- Perpetrators have misappropriated Universal Credit money which should have been spent on rent, leaving women partly responsible for rent arrears and facing eviction.
- At least one survivor has reported to staff that she has not been permitted to handle money or be involved in any food purchase for her or her children since she transitioned to Universal Credit
- Some survivors have tried to exert some control over family finances by putting Universal Credit into their name, only to find the perpetrator had immediately put it into their name instead
- Perpetrators have exerted control over Universal Credit claims, for example, making their partner unable to claim Universal Credit because they refused to go to the Job Centre with her to declare they were living together

For example:

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<sup>3</sup> Department for Work and Pensions (2012), ‘Universal Credit Evaluation Framework’. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/180879/universal-credit-evaluation-framework.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/180879/universal-credit-evaluation-framework.pdf)

Ruth\* came to one of our refuges in October 2018 with her child after fleeing her abusive husband. She suffered physical, economic, and emotional abuse. Her perpetrator received their Universal Credit and Ruth was unable to access any of the money. As a result, Ruth and her child suffered severe financial hardship, struggling to buy essential items such as food, toiletries, and school uniform. After Ruth left her ex-partner she had to deal with the stress of having no money and the process of making a new UC claim, alongside managing the impact domestic abuse has had on her and her child. Ruth was referred to mental health services as her mental health suffered due to the extreme pressure and stress she was under.

Single household Universal Credit payments have also led to increasing rent arrears for survivors of domestic abuse, which in turn can make it even more difficult to return to work following abuse. Under the previous benefits system, housing benefit would typically be paid directly to landlords. Under Universal Credit, the housing element is paid as part of the entire payment, directly to the nominated claimant. In cases where abusers are receiving the Universal Credit, but fail to pay rent or other bills, the survivor can end up responsible for rent arrears that their abuser generated. One frontline worker summarised this issue as follows:

“Where the housing element of Universal Credit has gone to the perpetrator, many don’t pay the rent and instead spend the money, yet our clients are jointly responsible for the rent arrears – which if they do flee and move on, could have a significant impact on their ability to access future housing.”

The long-term impacts of debt accrued due to economic abuse and rent arrears in particular can be devastating. Many landlords, including many housing associations, as a rule do not accept tenants with rent arrears, regardless of the circumstances. This makes it incredibly difficult for some survivors to secure alternative housing away from perpetrators and threatens their long-term housing security more generally. Such difficulties make it even more difficult for survivors to return to work given the precariousness of their housing situation, undermining another original Universal Credit objective – to incentivise taking up work.

While it is the case that survivors can submit a request to the DWP that the Universal Credit payment is split between both parties to the joint claim on the basis that they are experiencing domestic abuse, in our experience, requests are highly likely to put survivors at greater risk of further abuse and harm. This is born out in the very low uptake of split payments - only 79 were in operation as of August last year.<sup>4</sup> Perpetrators will always know a request for split payments has been made, as the request will appear on their online log. If the request is granted, they will become aware of this as their monthly Universal Credit payments will decrease.

In response to our concerns, in 2019 the then Secretary of State for Work and Pensions announced that they are changing the way Universal Credit is applied

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<sup>4</sup> DWP (2020), available on [www.stat-xplore.dwp.gov.uk](http://www.stat-xplore.dwp.gov.uk)

for so that more main carers of children will receive the Universal Credit payment, and they are currently testing an application form that is intended to achieve this. Refuge welcomed this change, but remains concerned that the single payment model remains vulnerable to abuse, even when it is intended to reach the main carer of children, and will do nothing to support women without children who are jointly claiming Universal Credit with their perpetrator.

Refuge therefore maintains that separate Universal Credit payments by default is the safest option for survivors of domestic abuse. In recognition of the risk single Universal Credit payments pose to survivors of abuse, the Scottish Government has already committed in law to introducing separate Universal Credit payments by default. However, Scotland is dependent on the DWP's IT infrastructure, and therefore support, to implement this change. Discussions between Holyrood and Westminster about how separate payments by default could be implemented are ongoing.

**Recommendation: pay all Universal Credit payments separately by default as the Scottish Government has already legislated for, but is dependent on the Department for Work and Pensions to implement.**

#### Five-week delay

Survivors often flee with very little or no money, frequently due to economic abuse which, as highlighted above, can be made easier due to the single payment structure under Universal Credit. Survivors are frequently also unable to bring more than a few items with them. Survivors therefore often have to replace essential items for them and their children, such as school uniforms, shoes, and winter coats, as well as furniture, carpets, and light fittings for a new home. This is all happening during that immensely traumatic crisis period in the immediate aftermath of fleeing.

Survivors that were already claiming Universal Credit, either jointly with their perpetrator, or as a single claimant, will usually need to make a fresh claim because their personal circumstances have changed. Survivors who were working before fleeing will usually need to leave their jobs for their own safety if their abuser knows where they work (which they typically will). Therefore even survivors who were working and/or were not claiming Universal Credit prior to fleeing will often need to make a claim when they do flee.

Under Universal Credit, all applicants must wait a minimum period of five weeks between application and when they receive a first payment.<sup>5</sup> Given survivors frequently have to flee with little to no money at a time when they have to replace essential items, the five-week delay often forces survivors who have fled and their children into extreme poverty. Women in refuges are increasingly being referred to foodbanks due to inbuilt waits and further delays in benefit payments. For many of the women accessing Refuge's services, the wait can be much longer than five weeks, with waits of two or three months not uncommon. The extended delay is often connected to the coercive control perpetrated

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<sup>5</sup> Since April 2018 existing housing benefit is paid for two weeks after a Universal Credit application, therefore claimants have three weeks without housing costs and five for all other types of benefit.

against survivors of abuse. For example, many women have been prevented from opening a bank account by their abusive partner, or are unable to access identity or other documents because the abuser is controlling access. Both of these typically lead to delays in making a successful Universal Credit application, which is then followed by the inbuilt five week delay when survivors' applications are eventually accepted. Some survivors question their decision to leave due to the severe financial hardship they experience. A refuge worker told us:

"The changeover to Universal Credit has caused a significant delay in accessing benefits when women arrive at the refuge. The five-week waiting time means women have to survive with their children with no income, and only a few food bank vouchers. This means that many struggle with whether they've made the right decision to leave if they can't even feed their children on their own."

A survivor told us:

"I don't know if they understand the impact that it has when you have to wait so long. Especially in that period when you're fleeing. I think if they understood the additional stress that it causes you, for something mundane when you're trying to cope with all these massive issues, I think if they realised the additional pressure that it puts on women who are fleeing, I think maybe they would try and do something to try and quicken the process, or something to help access funds quicker in that first space of time."

Survivors, as with all claimants, can apply for an advanced payment, which in theory can be paid on the day that it is requested. However, advances are loans, where the repayments are deducted from the first Universal Credit payment for up to 18 months. This is at a time when survivors need to have enough access to money in order to rebuild their lives and homes after fleeing, often with nothing. Survivors are therefore often forced to choose between no money for at least five weeks, or not enough money (at a very expensive time) for up to a year and a half. The five-week delay therefore seriously undermines one of Universal Credit's original objectives, i.e. to tackle poverty.

Fleeing domestic abuse is inherently expensive - survivors have to leave their homes and the majority of their belongings and furniture in order to keep themselves and their children safe, away from their abuser, which they ultimately will need to replace. Exempting survivors from having to repay benefit advances would mean that survivors would be able to access money in the immediate crisis period, giving them more options to keep safe. It would and make it less difficult for them to move on and rebuild their lives, as they would not be faced with repaying advances immediately after fleeing and so would have more money to spend replacing furniture and other essentials. While exempting survivors of domestic abuse from repaying benefit advances would result in this group of people receiving an additional benefit payment over and above what other claimants receive, this policy is justified given the Government's objective to reduce domestic abuse and support survivors and because fleeing abuse is expensive.

## **Recommendation: exempt survivors of domestic abuse from repaying benefit advances.**

### The two-child limit

The two-child limit took effect in April 2017 and limits some child-related benefits, including the child element of Universal Credit, to two children. While the two-child limit applies to both Universal Credit and legacy benefits, we are including this policy in this submission as it is a core part of the overall welfare reform programme embarked upon since 2012 and greatly impacts the women and children Refuge supports, similarly undermining the overall goals of Universal Credit. The limit applies to third and subsequent children born after 6<sup>th</sup> April 2017. The government's rationale for this policy is that families that are claiming benefits should have to consider personal finances when choosing whether or not to have children in the same way as couples that are not dependent on benefits do. Therefore, while the government was planning on extending the two-child limit to all children, regardless of when they were born, they decided to cancel this planned extension as it did not cohere with the overall rationale for the two-child limit.

The two-child limit increases survivors' economic dependence on perpetrators, with some abusers taking advantage of the two-child limit to increase their control over women. One of our frontline workers said:

"the two-child cap means that some women will be pressured into having more children and becoming financially reliant on the partners for support."

Abusers have also used the two-child limit to control survivors by forcibly preventing survivors from having additional children, on the basis that they can't afford another child. Another frontline worker said:

"whilst [the survivor was] pregnant with her third child, her ex demanded she have an abortion because he said they could not get any more money for another child and when she said she didn't want [an abortion] he tried by being violent to enforce a miscarriage"

After survivors separate from perpetrators, the two-child limit forces survivors and their children into poverty, as survivors frequently simply don't have enough money to support themselves and their children. This is particularly the case in the immediate aftermath of fleeing, as survivors frequently flee with little money and few possessions, and so have to replace many essential items for them and their children. Some survivors are deterred from fleeing as they fear they will be unable to support themselves and their children. As one frontline worker said about a woman they were supporting:

'two child limit, victim feels unable to support three children financially as a single mother.'

As with other welfare reforms, the two-child limit reduces what is typically women's income, inhibiting their ability to flee and impoverishing them when they do.

In recognition that there are some circumstances where choice is removed from the decision to have children, the government introduced some exemptions to the two-child limit, including the non-consensual conception exemption, colloquially known as the rape clause. This exemption allows claimants to claim for additional children, if they were born of rape. However, this exception forces survivors of rape to choose between disclosing the sexual violence and abuse they have experienced to the DWP, which can be highly traumatising for women and risks their children discovering the circumstances of their conception which the mother may choose not to disclose to them, versus not having enough money to support their children. This concern is reflected in the very low uptake of the exemption when compared to how common rape and domestic abuse is. According to most recent figures, there are only 510 non-consensual conception exceptions in operation.<sup>6</sup>

Given that the two-child limit on child related benefits increases survivors' economic dependence on their abusers, which in turn makes it more difficult for them to flee, that survivors struggle to support themselves and their children following separation, and that the rape clause is demonstrably not fit for purpose, Refuge makes the following recommendation.

**Recommendation: reverse the two-child limit on child-related benefits.**

### **Assumptions implicit in the Universal Credit model**

The Committee has asked whether the original assumptions built into Universal Credit are the right ones and whether they should change. The structure of Universal Credit, namely the single household payment model, the five-week delay, and the two-child limit, and the impact it has on survivors of domestic abuse demonstrates that there are some assumptions built into Universal Credit that simply do not cohere with the reality that many women find themselves in, i.e. when they are being subjected to domestic abuse.

First, the single household payment structure implies that neither party to the joint claim, particularly the party in receipt of the payment, will abuse the fact that the entire household payment will be paid into their bank account that the other claimant cannot access. This is not a fair assumption to make in a country where almost one in three women aged 16-59 will experience domestic abuse in her life time. In our experience, it is common for abusers to co-opt the entire Universal Credit payment, allowing them to exert even more control over survivors, overnight. It can impoverish women and children when survivors are in relationships with their abusers, who may refuse to give women enough money to provide for themselves and their children. It can make it even more difficult for survivors to flee, as they struggle to build up even small amounts of money that would enable them to travel to a refuge and can lead to rent arrears and other debts which severely inhibits a survivor's ability to move on from the abuse and rebuild their lives.

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<sup>6</sup> HMRC and DWP (2019), 'Child Tax Credit and Universal Credit claimants: Statistics related to the policy to provide support for a maximum of two children'.  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/821773/Two\\_children\\_and\\_exceptions\\_in\\_tax\\_credits\\_and\\_Universal\\_Credit\\_April\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/821773/Two_children_and_exceptions_in_tax_credits_and_Universal_Credit_April_2019.pdf)

The assumption implicit in the five-week delay is that the majority of people who need to make a new Universal Credit claim will have enough money to survive on for five weeks, for example because they have recently left or lost their job and so can live on the money from their most recent pay cheque. However, this is clearly flawed. For many survivors, the five-week delay kicks in at the point of fleeing an abuser, not when they have just lost or left a job. This is also at a point when survivors typically have very little money of their own, certainly not enough to keep them financially afloat for at least five weeks. As such, the five-week delay simply does not work for survivors of domestic abuse, impoverishing women and children at an incredibly difficult and traumatic time.

The assumption implicit in the rape exemption to the two-child limit implies first that all survivors of rape and coercive control will be willing to come forward and disclose this to DWP officials. From the very low uptake of this exception, we know that this is simply untrue. This can be for a variety of reasons; it can be incredibly traumatic to be forced to disclose rape to someone when they would choose not to in other circumstances, or survivors may be fearful that their child may discover that they are born of rape.

The assumptions implicit in the single household payment, the five-week delay, and the two-child limit are plainly false when they are applied to survivors of domestic abuse. As such, it is essential that these damaging aspects of Universal Credit are addressed as a matter of urgency, to ensure that survivors and their children do not suffer even more.

**Recommendation: pay all Universal Credit payments separately by default as Scotland has already legislated for, but is dependent on the Department for Work and Pensions to implement.**

**Recommendation: exempt survivors of domestic abuse from repaying benefit advances.**

**Recommendation: reverse the two-child limit on child-related benefits.**

### **Survivors have lost out under Universal Credit**

Survivors of domestic abuse have lost out disproportionately under Universal Credit due to the single payment model, the automatic five-week delay between successfully applying for Universal Credit and the first payment, and the two-child limit. Additionally, women, particularly poor women, black and minority ethnic women, and disabled women, have borne the lion's share of cuts to the social security system since 2010 and overall welfare reform programme – which have amounted to around £37 billion a year worth of cuts by 2020.<sup>7</sup> Women are more likely to rely on social security than men, as they are more likely to have caring responsibilities and have lower incomes.<sup>8</sup> Given the overwhelming

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<sup>7</sup> Women's Budget Group (2019, 'Benefits or barriers? Making social security work for survivors of violence and abuse across the UK's four nations'. <https://wbg.org.uk/analysis/benefits-or-barriers-making-social-security-work-for-survivors-of-violence-and-abuse-across-the-uks-four-nations/>

<sup>8</sup> Women's Budget Group (2019, 'Benefits or barriers? Making social security work for survivors of violence and abuse across the UK's four nations'. <https://wbg.org.uk/analysis/benefits-or-barriers->

majority of people suffering domestic abuse are women, any system which disproportionately disadvantages women, will have a profound effect on survivors of domestic abuse..

## **Conclusion**

Some of the fundamental assumptions of Universal Credit implicit in its structure are fatally flawed. The assumption that the relationship between joint claimants never involves abuse of one party by the other and therefore a single payment is appropriate, is not reflected in the reality and lived experience of many women's lives. The assumption that all new claimants, or claimants that are making new claims due to a change of circumstance, will have enough money to live on for at least five weeks before they receive the first payment is not true for many claimants, and particularly for survivors. The five-week delay typically kicks in for survivors at the point of fleeing, where they have few possessions and little money – certainly not enough to live on for five weeks minimum. The two-child limit assumes that women are entirely empowered to make decisions about the number of children they have free of coercion, control, or abuse and that survivors are willing to come forward and disclose rape to DWP staff, which is an unreasonable assumption to make, and has been proven untrue by the very low uptake of the non-consensual conception exemption compared to how common rape is.

Survivors in particular, and women in general, are therefore severely, and disproportionately, disadvantaged under Universal Credit. Refuge therefore recommends the following:

**Recommendation: pay all Universal Credit payments separately by default as the Scottish Government has already legislated for, but is dependent on the Department for Work and Pensions to implement.**

**Recommendation: exempt survivors of domestic abuse from repaying benefit advances.**

**Recommendation: reverse the two-child limit on child-related benefits.**

*27 February 2020*