Written evidence submitted by Citizens Advice Liverpool (PPCM0056)

Pensioner Poverty: Challenges and Mitigations Inquiry

Citizens Advice Liverpool responded to the Call for Evidence from Work and Pensions Select Committee by analysing our own data relating to pensioner poverty and by producing our report entitled: ***Liverpool: A Case Study in Pensioner Poverty***, which was submitted to the Inquiry on 6/1/25.

This additional report has been produced to summarise our analysis of the main challenges facing the pensioners that Citizens Advice Liverpool serves and to outline our recommendations of the key changes which could be made to the pensioner benefits system to restore an effective Social Security safety net to the oldest and most vulnerable members of our community and to more effectively target support to the poorest pensioners with the greatest need.

Social Security spending in the UK

Over **10 million people are currently aged 65 and over**, making up **18% of the population**.

In 2024 to 2025 the government is forecast to spend **£303.3 billion** on the social security system in Great Britain. Total GB welfare spending is forecast to be **10.8% of GDP** and **23.8% of the total amount the government spends** in 2024 to 2025.

Around **55% of social security expenditure goes to pensioners**; in 2024-25 we will spend £165.9 billion on benefits for pensioners in GB. The **State Pension is the largest single item of welfare spending** and is forecast to be £137.5 billion in 2024 to 2025.

Welfare spending on the State Pension alone in 2024-25, will outstrip the total expenditure of £137.4 billion which the government planned to spend on working age and children welfare expenditure, including Universal Credit and working-age Legacy benefits and non-DWP welfare spending.[1]

While welfare spending on the **State Pension** continues to increase year on year at a much more generous rate than working age benefits due to the Triple-lock, spending on **Pension Credit and Pensioner Housing Benefit has fallen** over the past decade.

[1] https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-information-and-guidance/

The very low take-up rates of means-tested Pensioner benefits

The DWP's most recent Income-Related Benefits: Estimates of Take-up report (last updated in 2023) looks at estimates of take-up for the two main income-related pension age benefits: Pension Credit (PC) and Housing Benefit (HB) (for Pensioners). [2] The official statistics show the huge sums of unclaimed pensioner benefits as follows:

Pension Credit

- **Up to 760,000 families who were entitled to receive Pension Credit did not claim the benefit**
- **Up to £1.5 billion of available Pension Credit went unclaimed.**
- **On average, this amounted to around £1,900 per year for each family entitled to receive Pension Credit who did not claim the benefit**

Housing Benefit (for Pensioners)

- **Up to 270,000 pensioners who were entitled to receive Housing Benefit (for pensioners) did not claim the benefit.**
- **Up to £1.1 billion of available Housing Benefit (for pensioners) went unclaimed.**
- **On average, this amounted to around £3,700 per year for each family entitled to receive Housing Benefit (for Pensioners) who did not claim the benefit**

According to the Department for Work and Pensions' own published data on the proportion of eligible people receiving Pension Credit (the so-called take-up rate), **only 65% of those eligible for Pension Credit were receiving it in 2023**.

The above evidence shows that the current system is not working and is in urgent need of reform.

Pensioner Poverty: The key issues

The main problems facing pensioners

1. **Pensioner poverty is rising despite record levels of spending on the State Pension and the commitment to the Triple-Lock**

In May 2024, it was estimated that **1.9 million (16%) of pensioners in the UK live in relative poverty.** Some groups are at particular risk –

- 35% of private tenants and 34% of social rented sector tenants, live in poverty compared to 12% of older people who own their home outright.

[2] https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-ending-2023/income-related-benefits-estimates-of-take-up-financial-year-ending-2023

- 25% of Asian/Asian British pensioners and 26% of Black/Black British pensioners are in poverty compared to 16% of White pensioners.
- 23% of single older women live in poverty compared to 20% of single older men and 13% of pensioner couples.[3]

As well as pensioner poverty levels steadily rising since 2012-13, according to research by the IFS[4], the very poorest pensioners have seen the lowest growth in income whilst the gap between the poorest and the richest pensioners continues to widen, suggesting that the rises to the State Pension, guaranteed by the Triple Lock, are failing to provide an adequate safety net for the poorest and most vulnerable pensioners.

2. **The poorest pensioners have been very hard hit by the Cost of Living crisis**

Of all UK pensioners in poverty, more than half (55%) are in deep poverty and almost three in ten (29%) are in very deep poverty.

11% of pensioners (1.3 million people) have no savings. More than a quarter (27%) of pensioners (3 million people) have less than £1,500 in savings. One-third of pensioners (almost 4 million people) have less than £3,000 in savings.[5]

The cost of living crisis is significantly compounding the financial vulnerability of the poorest in society. Rising energy, water, council tax, rent and food prices have hit the poorest sections of our community, including pensioners hardest, as they spend a much greater proportion of their income on such household costs. Large proportions have cut back – for example, spending less on food, not toping up their fuel pre-payment meters; avoiding going to the dentist, and not seeing family and friends as often.

Citizens Advice nationally has been at the forefront of research into the ongoing impact of the Cost of Living crisis across the UK[6] shining a light on the ongoing challenges faced by all UK households but in particular by the poorest, including pensioners, who may have no or very limited savings and who are facing rising levels of indebtedness and lack the financial resilience and means to cope with rising living costs.

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[3] Age UK Briefing: Poverty and financial disadvantage in later life - May 2024

[4] IFS report: J, Cribb and A, Henry and H, Karjalainen. (2024). *How have pensioner incomes and poverty changed in recent years?*. London: Institute for Fiscal Studies.

[5] Centre for Ageing Better: Financial Security: The State of ageing – 2023-24

[6] Citizens Advice's latest Cost of Living report: *Things can only get better: How to prevent 5 more years of living standards stagnation* - 18/3/25 https://www.citizensadvice.org.uk/policy/publications/things-can-only-get-better-how-to-prevent-5-more-years-of-living-standards-stagnation/

Citizens Advice Cost of Living report: *Frozen in place: Why the Government needs to move quicker to address energy affordability* - https://www.citizensadvice.org.uk/policy/publications/frozen-in-place-why-the-government-needs-to-move-quicker-to-address-energy/

Citizens Advice Cost of Living report: *Unravelling household costs – 16/1/25* https://www.citizensadvice.org.uk/policy/publications/unravelling-household-costs-summary-of-citizens-advice-engagement-work/

As pointed out in Citizens Advice's latest national Cost of Living report, the government has committed to improving living standards in all parts of the UK, as part of their mission to grow the economy. But much of the focus has been on growth and moving people into work, which misses the full picture, including the challenges that the poorest pensioners face: they are usually unable to work or increase their income; have no savings or equity via home ownership; have no private pension provision and are often disabled or acting as an unpaid carer for a disabled partner. The emphasis on economic growth as the means of improving living standards also fails to account for the ongoing rise in living costs, which have chipped away at people's buffer, and could swallow up any future increases in income.

Liverpool is the 3rd most overall deprived local authority in England, the 4th most deprived by income and 3rd most deprived with regards to health and disability. This positions Liverpool as a useful case study on the current living conditions and challenges faced by of some of the most vulnerable pensioners in the UK.[7]

From April to November 2024, Citizens Advice Liverpool supported 3,610 clients of pensionable age with 9000 issues. Most enquiries from pensioners related to benefit entitlements including Pension Credit, Attendance Allowance and Housing Benefit. In our experience, however, even those clients who are receiving their correct entitlement to means-tested pensioner benefits are struggling to meet their rising living costs.

During this period, 2,419 clients of pensionable age contacted us for support with fuel and energy costs. We distributed £600,000 in Household Support Fund payments to the poorest households in Liverpool via our partnership with Liverpool City Council; we also issued Prepayment Fuel Meter vouchers and emergency food vouchers to pensioners in need and provided debt advice.

3. **Life expectancy rates have declined in Liverpool in recent years at the same time as pensioner poverty has been increasing**

Liverpool's life expectancy rate decreased by 2.4 years in 2020 after being at the highest level in 2019. This decrease continued into 2021/22.

Nationally, the gap in life expectancy between the most affluent and deprived areas widened in 2020 to 10.2 years for males and 8.5 years for females, compared with 9.3 and 7.9 years respectively in 2019.

Average Life expectancy at birth in Liverpool is 76 years, although this masks variation, with an average of 76.4 years in Anfield and Everton, some of the poorest inner city areas; compared to 83.1 years in the more prosperous suburbs of Childwall and Wavertree. The gap between female and male life expectancy stands at 3 years (Females 78.5 years and Males 75.4 years). Mortality from COVID-19 has

[7] https://liverpool.gov.uk/council/key-statistics-and-data/headline-indicators/health-and-wellbeing/

had an unequal impact on different population groups, which has exacerbated inequalities[8].

In the aftermath of the Covid pandemic, pensioners have also been disproportionately hit by the NHS waiting list backlog and the crisis in social care. Furthermore, a social security system that fails to provide an adequate standard of living for the poorest pensioners in the most deprived areas is likely to have the knock on effect of costing the government more in terms of increased NHS, social care, homelessness and localised welfare support spending.

How have changes to pensioner benefits contributed to the rise in Pensioner Poverty?

Despite the record increases in spending on the State Pension, pensioner poverty is rising due to structural changes to the pensioner benefits system driven by austerity and the desire to make costs savings rather than tackling pensioner poverty.

In addition, the following changes have hit the poorest pensioners hardest and have arguably contributed to the rises in pensioner poverty:

- **The equalisation and raising of the State Pension qualifying age to 66**
- **Raising the qualifying age for Pension Credit from 60 to 66**

These above 2 changes have driven down the income of the poorest pensioners who have remained on working age benefits paid at a much lower rate than pensioner benefits. Those between age 60-65 have also remained subject to the Two Child Limit; Benefit Cap; Bedroom Tax and localised reductions in Council Tax Reduction schemes for working age claimants. In addition, the rise in the state pension age also accounts for approximately 30 percent of the increase in number of UC claimants in receipt of the LCWRA Health Element.

In addition, the evidence suggests that making those aged between 60-65 claim UC is not likely to produce a significant increase in the numbers of people working in that age group, because the statistics show that the age at which UK adults are expected to stop being healthy is limited to just age 66 for most people in the UK and to just age 58 in cities such as Liverpool with and very high levels of relative and absolute poverty, deprivation and ill health.

- **The government's decision since 2016 to set the rate of Guarantee Pension Credit below the rate of the new State Pension for the first time since Pension Credit was introduced in 2003**

This fundamental change to the structure of the pensioner benefits system (whereby Pension Credit was introduced in 2003 to provide a top-up to the State Retirement Pension and enhance the safety net for the poorest pensioners) has increased pensioner poverty by disqualifying the poorest pensioners (whose only

[8] https://www.cheshireandmerseyside.nhs.uk/your-place/liverpool/

income is the full rate State Pension) not only from receiving Pension Credit but also from pass-ported entitlement to 100% Housing Benefit; free NHS glasses and Dental costs and from Winter 2024, the Winter Fuel Payment.

- **The requirement for Mixed Age Couples (MACs) to claim Universal Credit rather than Pension Credit from May 2019**

The Government impact analysis of this change confirms that a saving of £45 million was forecast for the first year of the change in 2018/19, rising to an estimated saving of £385 million by 2023/24.

The impact analysis also shows that amongst the 115,000 mixed age couples entitled to and claiming Pension Credit or pensioner Housing Benefit as at the end of November 2018, approximately 56% were also claiming a disability benefit (Attendance Allowance, Disability Living Allowance or Personal Independence Payment).[9]

Therefore, the requirement for disabled pensioners to claim Universal Credit will not only have reduced the income of the poorest disabled pensioners but also directly contributed to the increased number of UC claimants in the LCWRA group (as most disabled pensioners can qualify automatically for UC Health Element). In addition, the younger partner would also be likely to be exempt from UC work requirements as a carer, who would be eligible to claim UC Carer Element for their disabled partner. Therefore, over half of the MACs moved over to UC were likely to counted as working age claimants whilst being unlikely to work due to ill health and/or caring responsibilities.

- **The legal requirement that some pensioners must migrate from Legacy Benefits to UC rather than Pension Credit**

The requirement for some pensioners to be involved in the UC Managed Migration process means that they will be subject to the very harsh UC Transitional Element erosion rules with no annual uprating of benefits until the Transitional Element completely erodes. The complexity of how the UC migration process affects pensioners on Tax Credits and Working Age Housing Benefit is unfathomable to the average pensioner (and to most Welfare Rights Advisers at present) as outlined in an article explaining the process in Citizens Advice's Adviser periodical.[10]

- **Abolition of the Winter Fuel Payment**

10.8 million pensioners in 7.6 million households in England and Wales received the Winter Fuel Payment for winter 2023/2024. Following the 2024/25 changes, The DWP estimated that only 1.5 million individuals in 1.3 million households in England and Wales would receive a payment. It was expected to save around

[9] www.gov.uk/government/publications/mixed-age-couples-benefit-impacts-of-ending-access-to-pension-credit-and-pension-age-housing-benefit/

[10] Jitesh Patel – Goodbye Tax Credits. Helllo to managed migration for pension age claimants – Adviser online – November 2024 https://medium.com/adviser/goodbye-tax-credits-hello-what-a-guide-to-managed-migration-for-pension-age-claimants-f8357f9ada08

£1.3 billion in 2024/25 and £1.5 billion in subsequent years. [11] In addition, the government's official impact analysis estimated that around 50,000 pensioners could find themselves in absolute poverty after housing costs as a consequence of the changes to Winter Fuel Payment eligibility.

Our 7 Point Plan to reduce Pensioner Poverty

We would recommend that the government makes the following changes to the Social Security system for pensioners if it is committed to reducing pensioner poverty and targeting support to the poorest pensioners and those in the greatest need:

1. **Increase the standard minimum guarantee for Pension Credit to at least 50p above the rate of the new State Pension**

2. **Add Housing Benefit to the list of qualifying benefits for Winter Fuel Payment from Winter 2025**

3. **Simplify the benefits system for pensioners by combining Housing Benefit within Pension Credit as soon as possible, whilst also removing the unnecessary requirement for pensioners to claim underlying entitlement to Carer's Allowance in order to qualify for Carer's Addition in Pension Credit (in the same way as Carer's Element operates in UC).**

4. **Incentivise work for those pensioners who are fit enough to continue to work by including a Work Allowance and Child Care Element in Pension Credit.**

5. **Remove the requirement for Mixed Age Couples to claim UC.**

6. **Consider possible mitigations and changes to the UC Managed Migration process to minimise the impact on pensioners of the complexities and "levelling down" effects of the UC Managed Migration process and the Transitional Element erosion rules. (N.B. Pensioners on Tax Credits and Pension Age Housing Benefit will have already received either UC Managed Migration Notices or Tax Credit Closure Notices requiring them to migrate to Pension Credit or to migrate to UC if they are working, self-employed or have children, as the Tax Credit scheme is due to close on 5/4/2025).**

7. **Tackle the issue of poor take up of pensioner benefits by establishing a national Pensioner Help to Claim Service.**

[11] https://commonslibrary.parliament.uk/research-briefings/cbp-10094/

As documented in the newly published Independent Age report: *Jumping Through Hoops*[12], high levels of pensioner poverty and poor take up of pensioner benefits are both likely to persist unless there is a wholesale review of the current system with a genuine commitment to removing the complexity of the way in which the system operates.

The DWP should carry out a root and branch review of the current forms which pensioners must complete for multiple different benefits (State Pension, Pension Credit, Attendance Allowance, Carer's Allowance, Housing Benefit and Council Tax reduction) with the aim of simplifying and combining the claims process and making the necessary investment in replacing outdated IT systems to enable this to happen.

We would also propose that the system should fundamentally change so that the DWP has a legal duty to assist pensioners to claim their full and correct benefit entitlement and to ensure that those benefits are paid within a reasonable time period.

We would recommend that the following changes are made:

- **The establishment of a National Pensioner Help to Claim Service to improve take up of pensioner benefits.** The Citizens Advice Help to Claim Service for working age UC claimants provides the model for how such a service could work.
- **All pensioners should receive an automatic referral to the Pensioner Help to Claim Income Maximisation Service** rather than the onus being on pensioners themselves to navigate the complexity of the benefits system and initiate separate contact with the myriad of separate bodies administrating pensioner benefit (including the Pensions Service, Local Authority, Attendance Allowance and Carer's Allowance Units) in order to make enquiries about their entitlement and then fill in very complex separate claim forms for each benefit.
- **The Pensioner Help to Claim Income Maximisation Service would provide a full benefit check and assistance to pensioners with making their claims for State Pension, Pension Credit, Housing Benefit, Council Tax Reduction** as well as providing advice about the pensioners about their possible entitlement to disability and carer benefits.

Conclusion

The latest changes in Social Security policy to restrict entitlement to Winter Fuel Payments only to those pensioners in receipt of Pension Credit is part of a long term raft of welfare benefits cuts which have significantly eroded pensioner social welfare provision and led to increased levels of pensioner poverty. This, in turn, has arguably has a direct effect on the health and wellbeing of pensioners, worsening health

[12] Independent Age report – *Jumping Through Hoops: Reducing the complexity of the Social Security System for pensioners* - https://www.independentage.org/policy-and-research/jumping-through-hoops

outcomes including reduced life expectancy and the widening of the income inequality gap between the wealthiest and poorest pensioners.

This particularly affects pensioners in Liverpool due to our significantly higher rates of relative and absolute poverty, higher mortality and lower life expectancy rates as compared to the national average and since, as with any erosion of welfare benefits, it is usually the most vulnerable claimants who are impacted the most.

Citizens Advice Liverpool advocates the introduction of immediate remedies such as adding Housing Benefit to the list of qualifying benefits for Winter Fuel Payment entitlement; raising the standard minimum guarantee rates for Pension Credit to just above the rate of the new State Pension, as well as supporting a more fundamental re-evaluation and re-think of the structure and delivery of pension age benefits and how to provide a more effective system that aims to achieve a reduction in pensioner poverty rates and to ensure that the oldest and most vulnerable members of our society have an adequate level of guaranteed income to enable them to live in dignity.

Tackling pensioner poverty requires both the political will and willingness to invest additional money in the short term in order to make longer term gains. In the short term additional investment would be needed to increase the number of pensioners who are eligible to claim means-tested pensioner benefits (including Pension Credit, Housing Benefit, Winter Fuel Payments and other passported entitlements) whilst investing in modernising DWP IT systems; adequate staffing resources and the creation of a new Pensioner Help to Claim Service to successfully deliver these reforms and ensure that much more ambitious take up targets are reached.

However, this short term financial investment in improving pensioner welfare provision and DWP infrastructure and modernisation to make it fit for purpose would be likely to produce the following longer term gains:

- **A reversal of the long term trend of rising pensioner poverty since 2012/13** to ensure that help is effectively targeted at the poorest pensioners and that the Social Security system treats our older people with dignity and provides an acceptable standard of living and safety net for those most in need.
- **A reduction in pensioner income and health inequality across the UK.**
- **Better health outcomes of the poorest pensioners** due the direct link between poverty, deprivation and poor health outcomes; reduced healthy life expectancy and mortality rates. Lifting pensioners out of poverty and putting more money in the pockets of the poorest pensioners would arguably be likely; not only to enable pensioners to afford to adequately eat and heat their homes without relying on emergency food and fuel vouchers, discretionary localised welfare support schemes and debt but would also have the knock on effect of improving overall levels of mental and physical wellbeing and health outcomes for thousands of pensioners, while reducing the number of their contacts with primary and secondary care services within the NHS.

- **A possible increase in economic activity and tax receipts** may be achieved if work is properly incentivised for pensioners by the introduction of a Work Allowance in Pension Credit.

Case Studies – How the Social Security system is currently failing the poorest pensioners

Sarah's Story: pensioner just over the limit for Pension Credit

Sarah's case highlights the increase in pensioner poverty caused by the policy decision since 2016 to set the rate of Guarantee Pension Credit just above the rate of the new State Pension, rather than the reverse from 2003-2016.

Sarah* is age 70 and is a single pensioner. Her only income is full State Pension of £221.20 a week and Attendance Allowance. She has no savings or other capital. Her rent for her Housing Association property is £93.00 per week. She receives partial Housing Benefit to cover her rent and she has to pay a contribution to her rent due to a non-dependent deduction from her Housing Benefit award and she is not entitled to Severe Disability Premium in means-tested benefits, because her grandson lives with her and he is working full-time.

Sarah is struggling to pay her energy bills and other living costs. She received a Winter Fuel Payment of £200 last winter. She is not currently in receipt of Pension Credit. She does receive Housing Benefit which is a means-tested benefit but Housing Benefit has not been included on the list of benefits which now give passported entitlement to the Winter Fuel Payment for winter 2014/25.

Our adviser checked the client's entitlement to Pension Credit as part of our Pension Credit take-up campaign. We established that she is not entitled to Pension Credit because her State Pension of £221.20 a week is **£3.05 per week over the limit to qualify for Pension Credit**, which is set just above the rate of a full state pension at £218.15 per week. Therefore, she is no longer entitled to a Winter Fuel Payment.

We were only able to offer the client discretionary local welfare support in the form of a £250 Household Support Fund Payment from Liverpool City Council. This payment was available because we successfully lobbied our Local Authority to target support to pensioners who are not in receipt of Pension Credit this winter due to the withdrawal of Winter Fuel Payments for most pensioners. Such targeted support may not be available in other areas of the country depending on the discretionary eligibility criteria of the HSF funding set by each individual Local Authority.

We were also able to offer the client limited charitable support in the form of 2 fuel vouchers to enable her to top up her pre-payment fuel meters for a short period from a charitable foundation run by her social landlord. Again such charitable help may not be available to all pensioners in her position.

Joseph and Elizabeth's Story: UC Mixed Aged Couple (MAC) Case Study

Joseph and Elizabeth's story clearly illustrates how the Universal Credit system does not provide a suitable safety net for vulnerable pensioners and highlights how Mixed Age Couples and their children are at increased risk of pensioner poverty. As Joseph is a severely disabled pensioner and his wife Elizabeth is his full-time carer and neither of them are able to work, there is arguably no logical reason for the Social Security system to require them to claim a working-age benefit (UC) rather than Pension Credit. Prior to 2019 they would have claimed Pension Credit and been exempt from the Benefit Cap. Furthermore, 30% of the increase in UC LCWRA awards is due to rise in the state pension age and Mixed Age Couple pensioners being required to claim UC.

Joseph* first made contact with Citizens Advice Liverpool in December 2022 after reaching retirement age to seek benefits advice due to the severe financial hardship that he and his wife, Elizabeth* and their dependent children were facing. Joseph is in very poor health. He suffers from severe lower back pain and bilateral leg pain. He has a prolapsed disc causing pain, numbness and restricted movement in his upper limbs. He also experiences incontinence and he is visually impaired, with total blindness in one eye and reduced vision in the other. Elizabeth acts as his unpaid full-time carer. Because, his wife is under retirement age, Joseph and Elizabeth are required to claim Universal Credit as a Mixed Age Couple (MAC). Joseph and Elizabeth told us that their Universal Credit payments were not sufficient for them to afford to feed their family, heat their home and meet their essential living expenses. They were unable to pay their bills, and had fallen into a substantial amount of debt and they were reliant on borrowing money each month from a family friend in order to get by.

Specialist welfare benefits advice required by Joseph and Sarah to navigate the benefits system & alleviate poverty

- **Charitable support and Localised Welfare Support needed for food and fuel costs**

We issued emergency food and fuel vouchers to the family and applied for a £250 Household Support Fund payment from Liverpool City Council towards their energy bills.

- **Severe financial hardship caused by UC Benefit Cap which pensioners are usually exempt from**

We completed a benefit check and discovered the family's award was significantly impacted by the '2 Child Limit' (with no benefit paid for their youngest child who was born after April 2017) and the 'Benefit Cap'. Their UC maximum entitlement was calculated to be £2,424.71. However, following rent deductions paid directly to their landlord, **the family of eight were being paid UC of just £931 per month due to a deduction of £1,038.21 as a consequence of the 'Benefit Cap'**.

We identified that Joseph and Elizabeth had grounds to be exempted from the Benefit Cap because Joseph was severely disabled and should have been **entitled to UC Limited Capability for Work Related Activity Element (UC Health Element)** and **Attendance Allowance** and his wife, Elizabeth should have been entitled to **UC Carer's Element**. Entitlement. Any one of these 3 benefits gives exemption from the Benefit Cap to working age claimants.

- **UC Work Capacity Assessment appeal**

Joseph initially sought specialist welfare benefits advice and representation from our service in relation to his UC Work Capability Assessment appeal against the **DWP decision to find him fit for work and place him in the All Work Requirements conditionality group, which was made less than 1 month before Joseph was due to reach retirement age.** We gathered supportive medical evidence and successfully represented Joseph at his UC WCA Tribunal hearing in November 2023, resulting in him being awarded the UC LCWRA Element and the Benefit Cap being removed from his claim. As a result of the Tribunal's decision, **Joseph and Elizabeth's UC entitlement increased by £1362 per month.** They were also paid lump sum UC arrears back to September 2022, which enabled them to clear their debts.

- **Attendance Allowance and UC Carer's Element claims**

We also assisted Joseph with making a successful claim for **higher rate Attendance Allowance** at the rate of £108.55 per week. The award of Attendance Allowance also enabled Elizabeth to claim an **extra Carer's Element in their UC award** and exempted her from having to look for work due to her full-time caring responsibilities for Joseph. In December 2023 we were able to close their welfare benefits case as all matters had been resolved.

- **Severe Hardship caused by DWP Review decision to terminate UC entitlement in January 2024**

Joseph and Elizabeth contacted us again for further benefits advice a due to a new DWP decision to stop their UC award completely from the end of January 2024 following a review of their UC entitlement. We established after checking their UC online journal their UC claim was closed after he allegedly failed to supply a bank statement and to provide adequate proof of his identity. In fact, Joseph and Elizabeth told us that they had attended the Jobcentre in person in January 2024 a few days before the decision to stop their UC award and provided his Work Coach with the requested evidence.

The family were left with no UC income at all for a period of 3 months while we assisted them to have the UC termination decision overturned via a mandatory reconsideration and had to live on Joseph's Attendance Allowance and their Child Benefit payments alone. In June 2024, the decision to terminate UC entitlement was overturned. The DWP reconsideration decision confirmed that Joseph and Elizabeth had indeed supplied the necessary bank statement to their Work Coach in January 2024 and therefore, their UC was fully reinstated for the 3-month period. Unlike Pension Credit claims, UC awards are reviewed more frequently.

- **Errors made on calculation of entitlement to UC on new joint claim**

Due to the DWP delay in completing the mandatory reconsideration, it was necessary for us to assist Joseph and Elizabeth with making a new joint claim for UC. When the new claim was determined, we discovered that the DWP had made an error in the calculation of the new UC claim, which included no UC Child Elements for their children and also applied at 25% 'Bedroom Tax' under-occupancy deduction to their UC Housing Costs Element on the basis that they had 2 spare bedrooms, when in fact the family of 8 live in overcrowded conditions in a 4-bedroom house. We assisted Joseph with successfully challenging the decision and as a result, their UC payments were eventually increased to the correct amount and they were paid UC arrears.

- **Threatened homelessness due to UC errors**

As a result of being without any UC income for a period of 3 months, Joseph and Elizabeth were **issued with a Notice of Seeking Possession by their social landlord due to rent arrears** of over £2,000. Following the reinstatement of UC, we successfully negotiated an agreement with the client's landlord to stop the court possession proceedings and prevent the family becoming homeless again and set up a UC Alternative Payment Arrangement for direct payment of UC Housing Costs plus a monthly arrangement to repay their rent arrears.

Ruth's Story: UC Overpayment/Pension Credit underpayment due to DWP failure to automatically close UC claim on retirement age

Ruth's Story: UC Overpayment/Pension Credit underpayment due to DWP failure to automatically close UC claim on retirement age

Ruth's story highlights the financial hardship caused by the failure of the UC computer system to automatically trigger the closure of a UC claim when a claimant reaches state pension age at 66. Ruth was underpaid her correct entitlement benefit because she would have been significantly better off claiming Pension Credit rather than UC. In addition, she has also been placed under significant stress and additional hardship due to the DWP's decision to pursue recovery of the overpayment of UC, rather than exercising its legal discretion to waive recovery, when there has been no overall financial loss to the taxpayer/public purse.

Ruth is a disabled pensioner who lives in Liverpool with her husband. She is the younger member of the couple and she reached retirement age in January 2023. She and her husband had previously been in receipt of UC as a Mixed Age Couple, after he reached retirement age in 2021. Her husband is in receipt of State Pension and she is in receipt of PIP enhanced daily living component and standard rate mobility component. They live in a Housing Association property and she and her husband have no savings and have no other debts.

Ruth first contacted the Citizens Advice National Adviceline in June 2024 after receiving a Universal Credit overpayment decision in June 2024 asking her to repay £9,648 for the period from February 2023 until May 2024 because she and her husband had continued to be paid Universal Credit after reaching retirement age in January 2023. Ruth told us that she had made a claim for State Pension in 2023 on reaching age 66 but her claim was refused due to her having insufficient National Insurance contributions. Her Universal Credit claim had continued in payment until May 2024, when her claim was closed by the DWP and she received a message on her UC online journal telling her to claim Pension Credit instead. She stated that she had never heard of Pension Credit prior to being advised by the DWP claim it. She also stated that she had not slept for 2 nights due to worrying about the overpayment decision and felt physically sick.

Ruth was given initial advice by the national Adviceline who then referred her to her local office, Citizens Advice Liverpool for welfare benefits advice about whether the overpayment decision was correct and challenging the legal recoverability of the UC overpayment. On initial assessment, our generalist adviser identified that Ruth and her husband were in severe financial hardship after their UC had been stopped and while they were waiting for a decision on their new claims for Pension Credit and Housing Benefit. They were therefore, issued with an emergency food voucher to her for a food parcel from her local food bank.

We carried out a benefit check and identified that they were entitled to Guarantee Pension Credit of £157.35 per week and Housing Benefit to cover their full rent of £107.84. Ruth was assisted with lodging a mandatory reconsideration against the UC overpayment decision because she would have been better off on Pension Credit throughout the period of the UC overpayment and we requested that the DWP offset the underpayment of Pension Credit against the UC overpayment. The DWP refused the mandatory reconsideration and we assisted Ruth to lodge an appeal to a tribunal in September 2024.

Ruth was referred to one of our Welfare Rights specialists who works on our 65 Plus Income Maximisation Project, which is funded by Independent Age. Our Adviser identified that the Tribunal would have no legal power to uphold Ruth's appeal against recovery of the UC overpayment, nor to offset the underpayment of Pension Credit that occurred whilst she remained in receipt of UC. Therefore, Ruth withdrew her appeal. However, prior to the withdrawal of the appeal, we wrote to the DWP in January 2025 to make a formal request for the Department to exercise its legal discretion to waive recovery of the Universal Credit overpayment on the grounds of financial hardship and the detrimental impact on Ruth's physical and mental health due to the overpayment recovery *"hanging like a dark cloud over me"*.

We pointed out in our waiver request that the main justification for recovering benefit overpayments is a duty to protect the public purse. However, in Ruth's case DWP maladministration had caused her and her husband not to apply for their correct benefits (Pension Credit and Housing Benefit) which would have resulted in thousands of pounds more benefit being paid to them during the period of the UC overpayment. Therefore, there had in fact been a resulting gain to the public purse in Ruth's case, not a loss. We are currently still awaiting a reply from the DWP to the waiver request made in January 2025 and therefore, Ruth and her husband continue to have the stress and worry of being asked to repay the UC overpayment of £9648 hanging over them.

**All client names have been changed to protect their identity*.

March 2025