



Fraud and Error in the Benefit System

Preliminary data for 2015/16

Biannual

Published: 19 May 2016
Great Britain



The Department for Work and Pensions administers welfare benefits to around 22 million people. 'Fraud and Error in the Benefit System' estimates **overpayments** (the total amount of money lost to the department because claimants are paid too much) and **underpayments** (the total amount of money lost to claimants who are not paid enough). This is the first year that we have measured fraud and error on [Universal Credit](#). Further information on the change of categorisation of overpayments can be found in the [Background and Methodology](#) document.

Main stories

1.8% of expenditure overpaid

This remains the **lowest recorded rate**. It amounts to **£3.1bn** of overpayments.

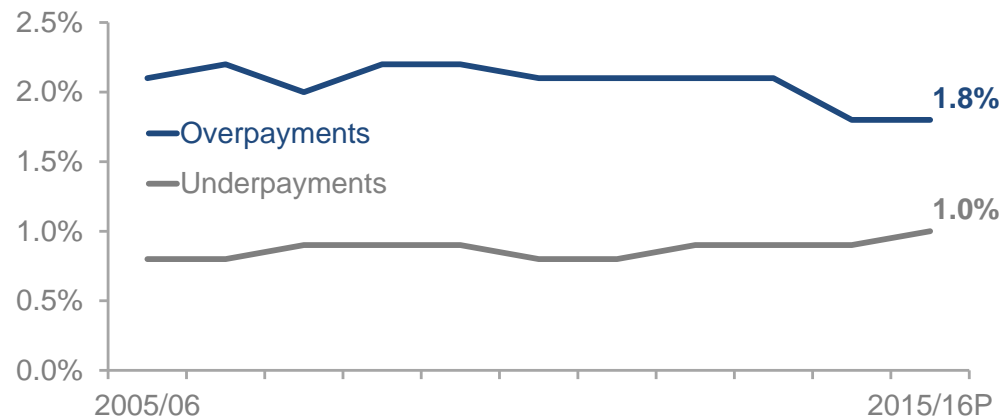
1.0% of expenditure underpaid

This is the **highest recorded rate**. It amounts to **£1.8bn** of underpayments.

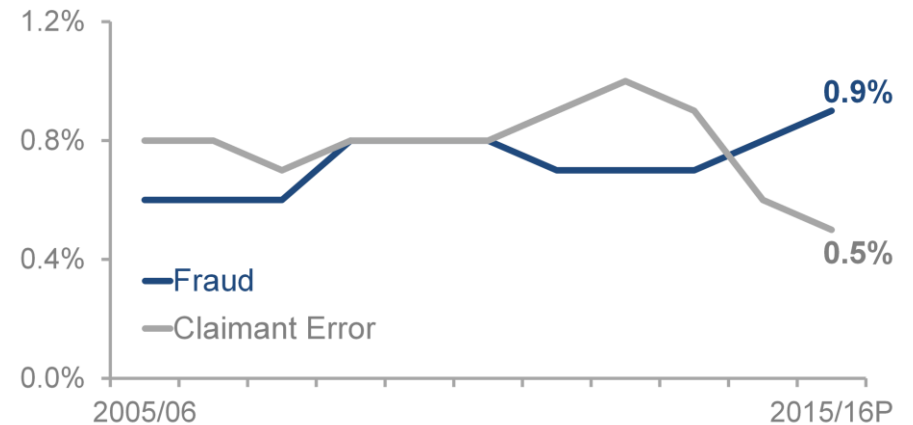
We changed the way we categorise overpayments after 2013/14

This change in methodology means some overpayments have switched to being categorised as fraud rather than claimant error. This is driving recent trends: fraud is now at its **highest recorded rate**; claimant error is at its **lowest recorded rate**.

Percentage of expenditure



Overpayments as a percentage of expenditure



What you need to know

In this document

This report provides estimates of fraud and error in social security benefits funded by the Department for Work and Pensions (DWP). It includes the final 2015/16 financial year preliminary estimates, covering the period October 2014 to September 2015. These statistics have been developed in accordance with the National Statistics Code of Practice and supporting Principles.

It contains estimates of **overpayments** (when a claimant is paid more in benefit than they are entitled to) and **underpayments** (when a claimant is not paid enough). We measure fraud and error all the time for some benefits, randomly sampling people and checking that the information we hold is up-to-date. For benefits we don't measure all the time we use either old estimates or a proxy (based on a similar benefit or an average rate). This allows us to estimate the total rate of overpayments or underpayments for all benefits funded by DWP. More information about which benefits we measure and how we measure them can be found in the Background and Methodology document. Throughout the document we have rounded monetary values of totals and error categories (fraud, claimant error and official error) to the nearest £10m; monetary values of error causes are rounded to the nearest £m. Universal Credit is the exception to this rule; because the monetary values are small, we have rounded all values to the nearest £m.

Summary of additional available data

All the information underlying the charts and figures featured in this document is included in accompanying Excel reference tables. Sources in this document that state a Table number refer to the reference Tables spreadsheet available on the gov.uk website:

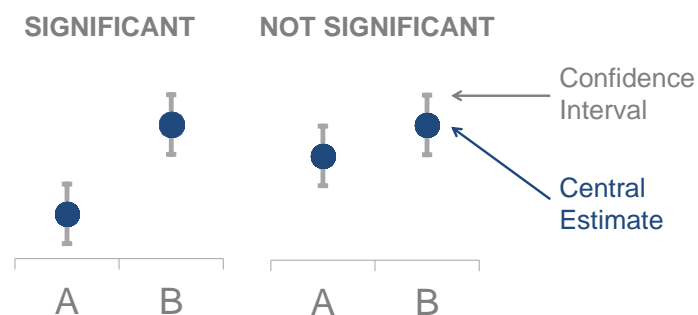
<https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-201516-preliminary-estimates>

The tables show the rates and monetary values of overpayments and underpayments for each benefit going back to 2005/06, split by fraud, claimant error and official error. The tables also show the net loss of overpayments measure with a time series and a breakdown by benefit.

For the benefits we measure all the time, we can also show more detail about the cause of the error (for example, incomes, savings and who lives in the house) and the demographics of the claimants. We also estimate the percentage of cases that are incorrect, and the amount of money that is incorrectly paid.

Statistical significance

These estimates are based on a sample of benefit claims in payment. **Statistical significance** is an expression that says whether an estimated value is likely to have arisen only from variations in the sampling. It is most often used when talking about a change or a difference: a *significant change or difference* is one that is not likely to be due only to the sampling, and therefore likely to be a real change/difference. Plotting estimates and their confidence intervals (a measure of the uncertainty of an estimate) gives an indication of whether or not a difference is significant. In general, if the confidence intervals of two estimates do not overlap, the estimates are significantly different:



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Comments? Feedback is welcome

Next edition available: Nov/Dec 2016

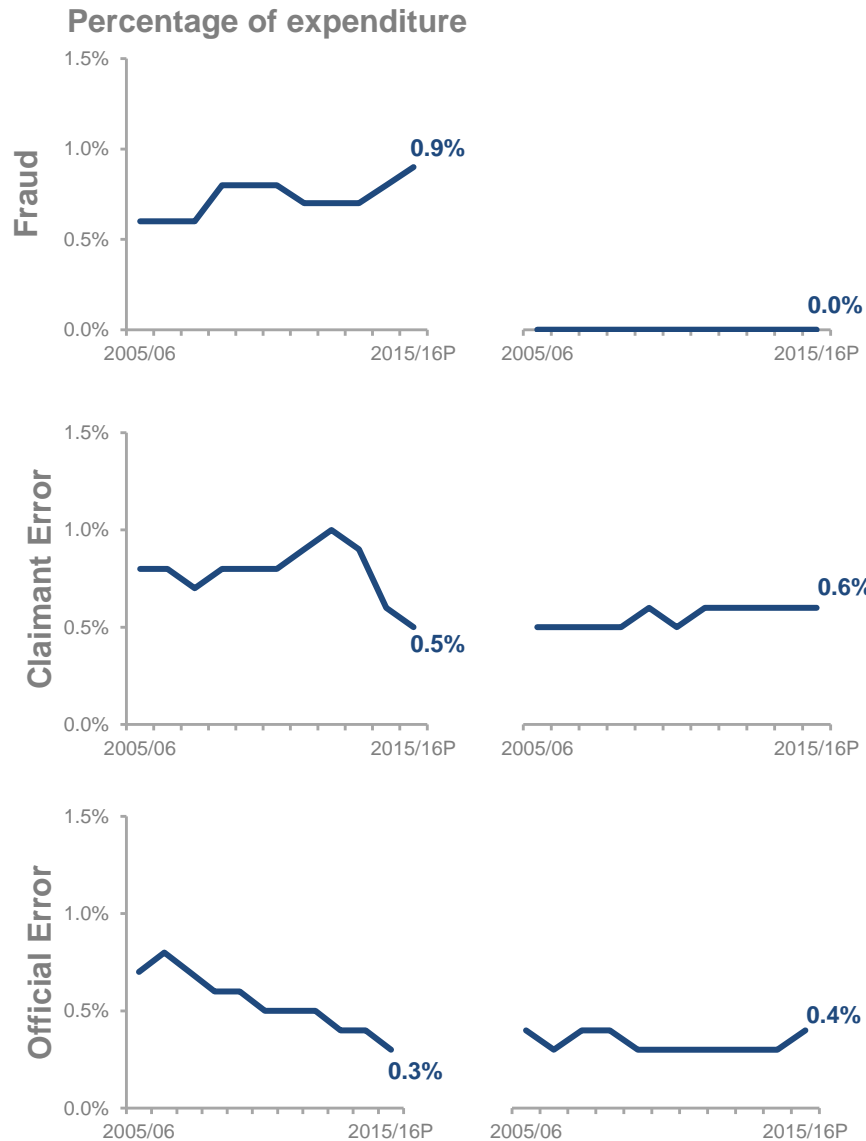
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Total overpayments remain at their lowest recorded rate

Overpayments

Underpayments

Main Messages



The total rate of overpayments in 2015/16 is 1.8%, the same as in 2014/15. Due to the increase in benefit expenditure from £168bn to £172bn, this amounts to an increase in the monetary value of overpayments, from £3.0bn to £3.1bn.

There was a slight increase in the rate of fraud overpayments, from 0.8% in 2014/15 to 0.9% in 2015/16, the highest recorded rate. The rate of claimant error and official error overpayments decreased in the same period, to 0.5% and 0.3% respectively. Both rates are now at their lowest recorded value. We changed the way we categorise overpayments after 2013/14. This change in methodology means some overpayments have switched to being categorised as fraud rather than claimant error. This switch is especially marked in Housing Benefit.

The total rate of underpayments increased slightly between 2014/15 and 2015/16, from 0.9% to 1.0%, the highest recorded rate. This amounts to an increase in monetary value from £1.5bn to £1.8bn. The rate of official error underpayments increased* from 0.3% to 0.4%.

Overpayments and underpayments on continuously measured benefits

Benefit	Overpayment rate (monetary value)	Underpayment rate (monetary value)
Housing Benefit	↓ 5.2% (£1,260m)	↔ 1.4% (£350m)
Employment and Support Allowance	↓ 2.8% (£410m)	↑ 2.3% (£340m)
Pension Credit	↑ 5.6% (£350m)	↑ 2.3% (£140m)
Jobseeker's Allowance	↓ 5.0% (£120m)	↓ 0.8% (£20m)
Universal Credit	7.3% (£36m)	2.6% (£13m)

Arrows denote the direction of change in rate since 2014/15

Net loss from overpayments

Not all of these overpayments are lost because the department can recover overpayments. In 2015/16, we recovered £980m of overpayments, an increase of £50m since 2014/15. **The net rate of loss from overpayments is 1.2%, or £2.1bn, the same as last year.**

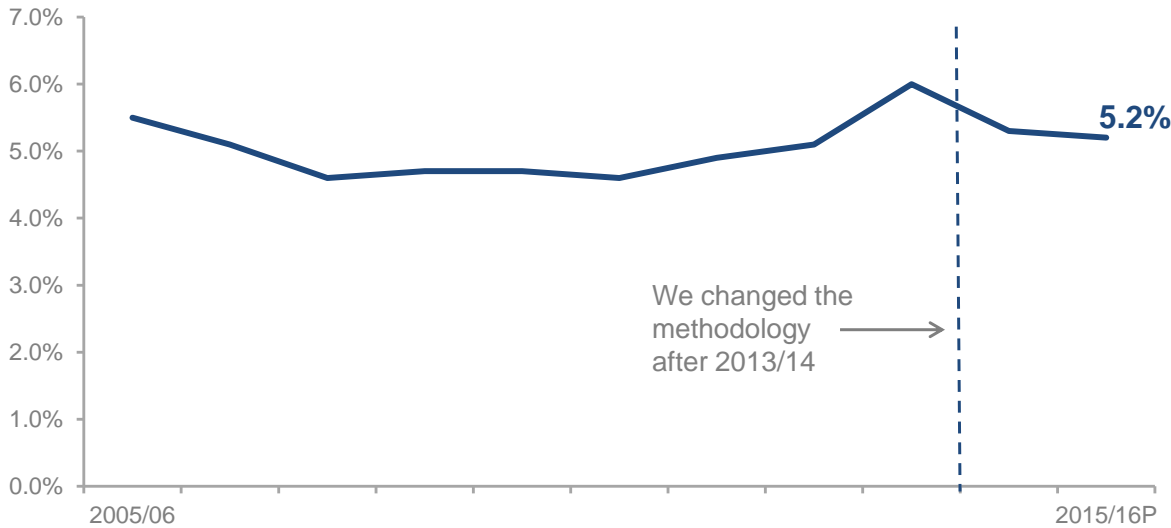
Source: Fraud and Error in the Benefit System: 2015/16P, Tables 2 and 8

*This change is statistically significant

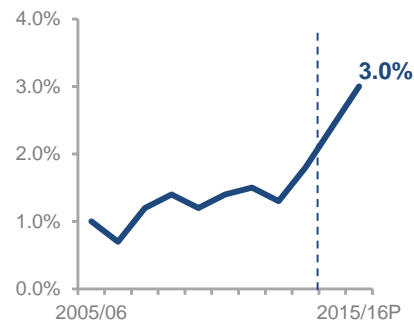
Housing Benefit overpayments decreased slightly

People get Housing Benefit to help pay rent if they're on a low income. How much you get depends on your income and circumstances. You can apply for Housing Benefit whether you're unemployed or working

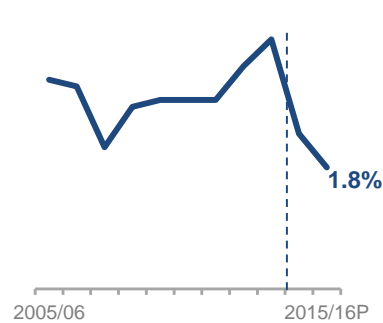
Overpayments as a percentage of expenditure



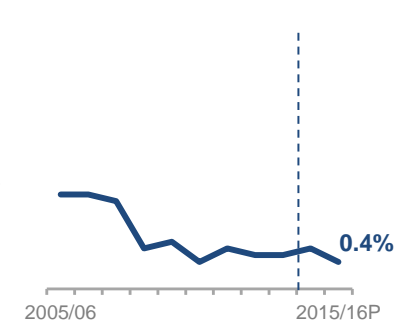
Fraud



Claimant Error



Official Error



Source: Fraud and Error in the Benefit System: 2015/16P, Table 2

Main Messages

The rate of overpayments on Housing Benefit decreased slightly between 2014/15 and 2015/16, from 5.3% to 5.2%. This amounts to a reduction in monetary value from £1280m to £1260m.

The rate of fraud overpayments increased sharply, from 2.4% to 3.0%, the highest recorded rate, while the rate of claimant error overpayments decreased sharply, from 2.3% to 1.8%, the lowest recorded rate. This continues the trend we observed last year. The change in the way we categorise overpayments has had a particularly large effect on the Housing Benefit estimates. This switch means the rates of fraud and claimant error overpayments and have almost reversed since 2013/14: the rates in 2013/14 were 1.8% and 3.7% respectively. The rate of official error overpayments decreased slightly to 0.4%, the lowest level since 2010/11.

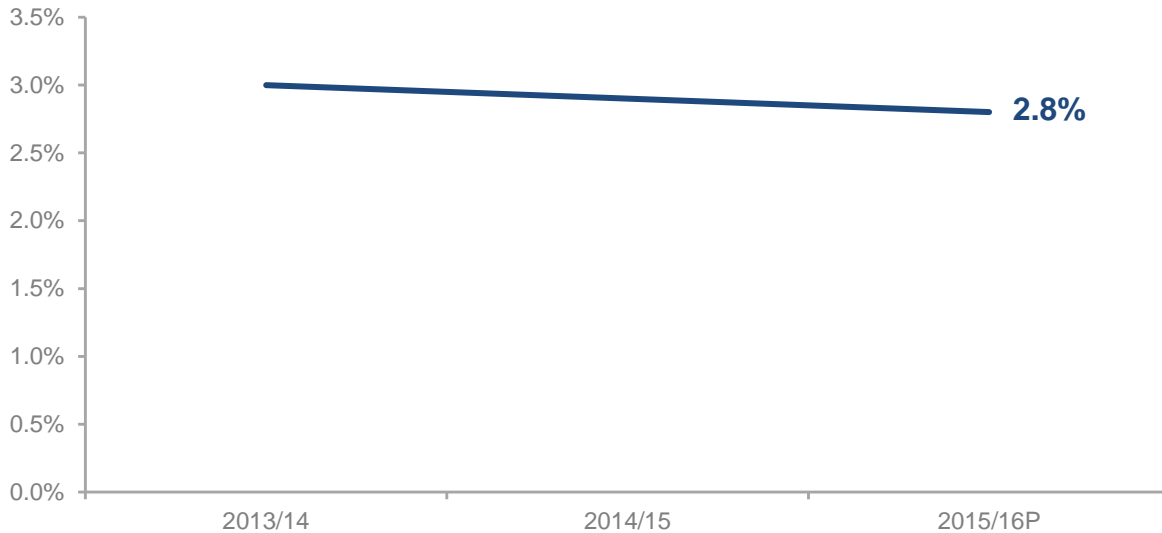
Failure to declare earnings and employment continues to be the main cause of fraud and claimant error overpayments, accounting for £580m of overpayments, an increase of £18m since last year. Loss of Claimant Contact is the second biggest cause of fraud overpayments, accounting for £136m. There was a reduction in claimant error overpayments across several error reasons, including Housing Costs and incorrectly reporting income from occupational and personal pensions.

The rate of underpayments on Housing Benefit in 2015/16 remains the same as last year, 1.4%. This amounts to a monetary value of £350m.

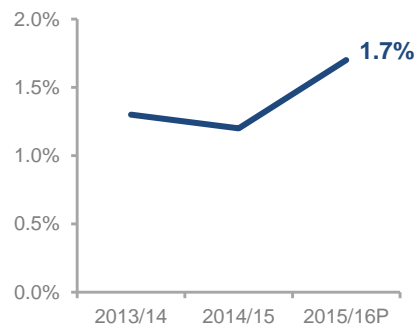
The rate of Employment and Support Allowance overpayments decreased slightly

If you're ill or disabled, Employment and Support Allowance offers you financial support if you're unable to work or personalised help so that you can work if you're able to.

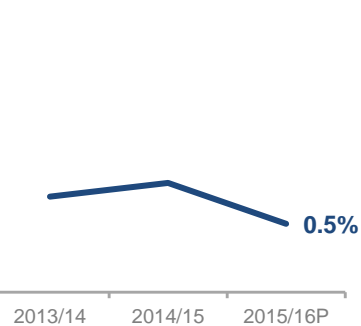
Overpayments as a percentage of expenditure



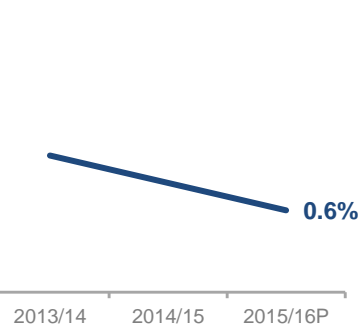
Fraud



Claimant Error



Official Error



Source: Fraud and Error in the Benefit System: 2015/16P, Table 2

*This change is statistically significant

Main Messages

The rate of overpayments on Employment and Support Allowance decreased slightly between 2014/15 and 2015/16, from 2.9% to 2.8%.

Expenditure on Employment and Support Allowance increased from £12.8bn to £14.5bn. So, although the rate of overpayments decreased, the monetary value of overpayments actually increased, from £370m to £410m.

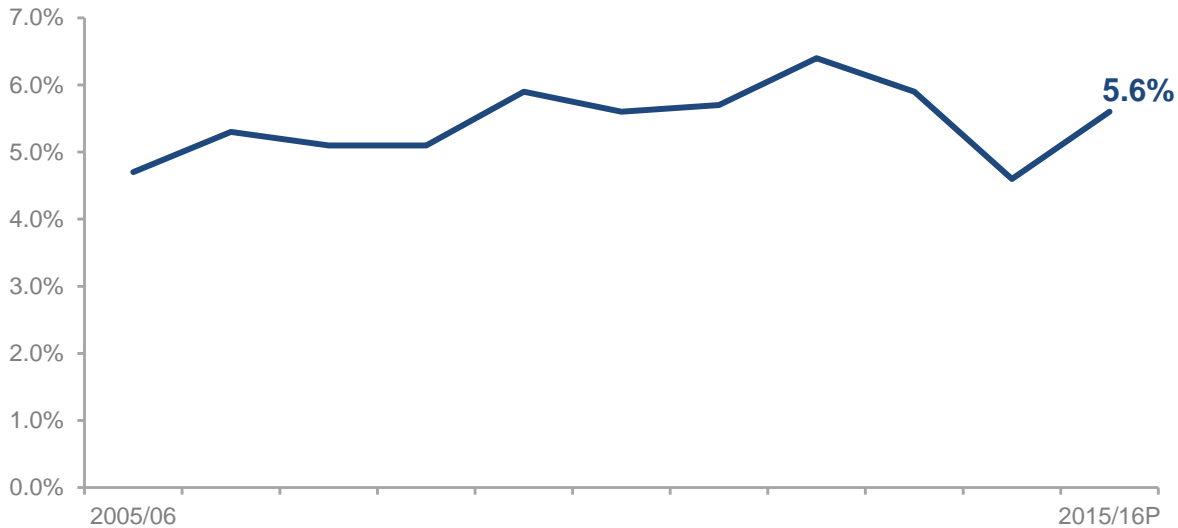
The rate of fraud overpayments increased sharply, from 1.2% to 1.7%. The rate of claimant error* and official error overpayments both decreased, to 0.5% and 0.6% respectively. The change in fraud was partly driven by an increase in Abroad Fraud overpayments, from £3m to £27m. However, failure to declare earnings and employment remains the main cause of fraud overpayments, accounting for £77m. Incorrectly reporting the amount of capital is still the main cause of claimant error overpayments, accounting for £30m.

The rate of underpayments on Employment and Support Allowance increased between 2014/15 and 2015/16, from 2.0% to 2.3%. This amounts to an increase in monetary value from £260m to £340m. The rate of claimant error and official error underpayments both increased, to 1.0% and 1.4% respectively. The largest increase in claimant error underpayments was associated with income from other benefits; it increased from £44m to £66m. The change in official error underpayments was driven by an increase in underpayments associated with premiums, from £58m to £80m. However, Control Activities remains the main cause of official error underpayments, accounting for £102m.

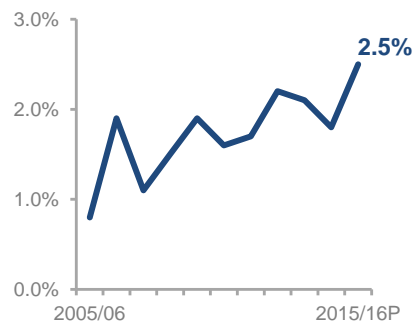
Pension Credit overpayments increased, mainly due to an increase in fraud

Pension Credit provides support to people older than the female state pension age. The Guarantee Credit element guarantees an income at a set level and people aged 65 or over (and couples where one member is 65 or over) may also be entitled to Savings Credit if they have modest income from savings, investments or a second pension.

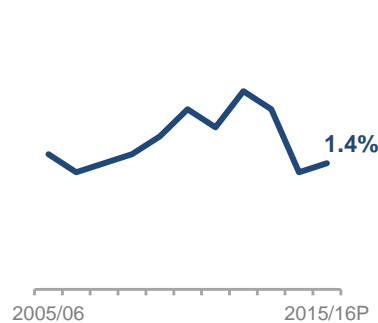
Overpayments as a percentage of expenditure



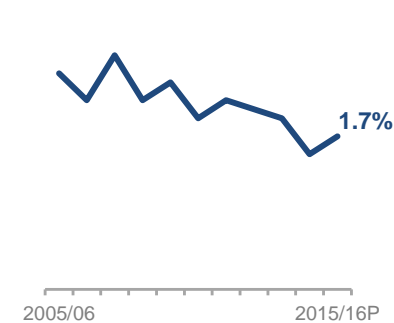
Fraud



Claimant Error



Official Error



Source: Fraud and Error in the Benefit System: 2015/16P, Table 2

*This change is statistically significant

Main Messages

The rate of overpayments on Pension Credit increased between 2014/15 and 2015/16, from 4.6% to 5.6%.

Although expenditure decreased, from £6.7bn to £6.2bn, the monetary value of overpayments increased, from £310m to £350m.

The rate of fraud overpayments increased sharply, from 1.8% to 2.5%, the highest recorded rate. The main cause of fraud overpayments is Abroad Fraud, which accounts for £39m, an increase of £24m since last year. Abroad fraud occurs when claimants that are normally resident in the UK fail to notify the department before leaving the country, and are abroad for a period longer than the allowable absence limit.

The rate of claimant error and official error overpayments both increased slightly, to 1.4% and 1.7% respectively. The increase in claimant error was mainly due to an increase in overpayments associated with household composition, from £15m to £27m. The increase in official error was due to increases in overpayments associated with capital and income from other benefits.

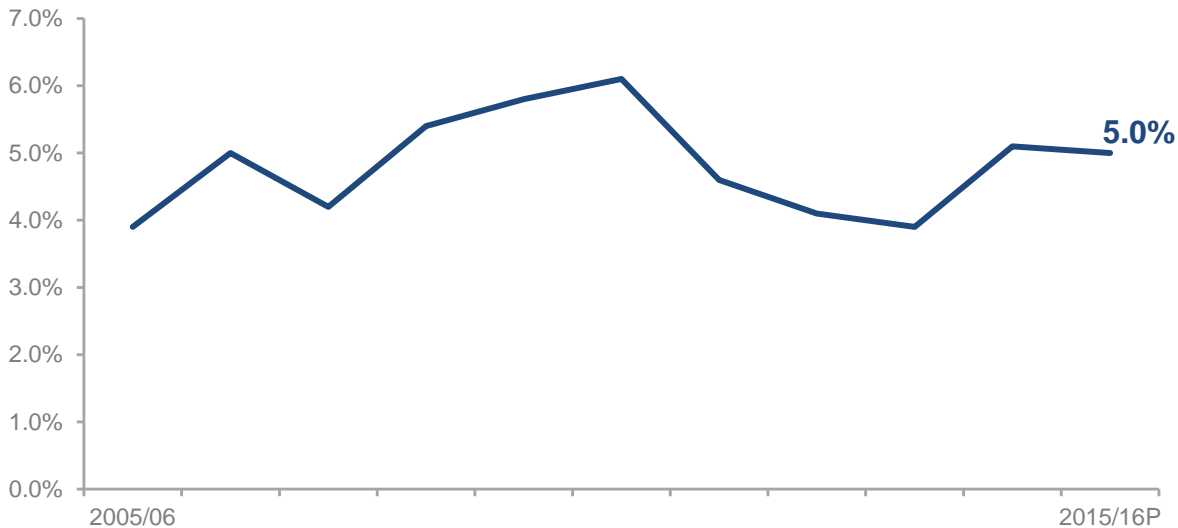
The rate of underpayments on Pension Credit increased from 1.7% in 2014/15 to 2.3% in 2015/16.

This amounts to an increase in monetary value from £110m to £140m. This increase was entirely due to an increase* in the rate of official error underpayments, from 1.0% to 1.6%. This was driven by an increase in underpayments associated with premiums, from £30m to £62m.

Jobseeker's Allowance overpayments decreased slightly

Jobseeker's Allowance is paid to people under state pension age who are available for and actively seeking work.

Overpayments as a percentage of expenditure



Main messages

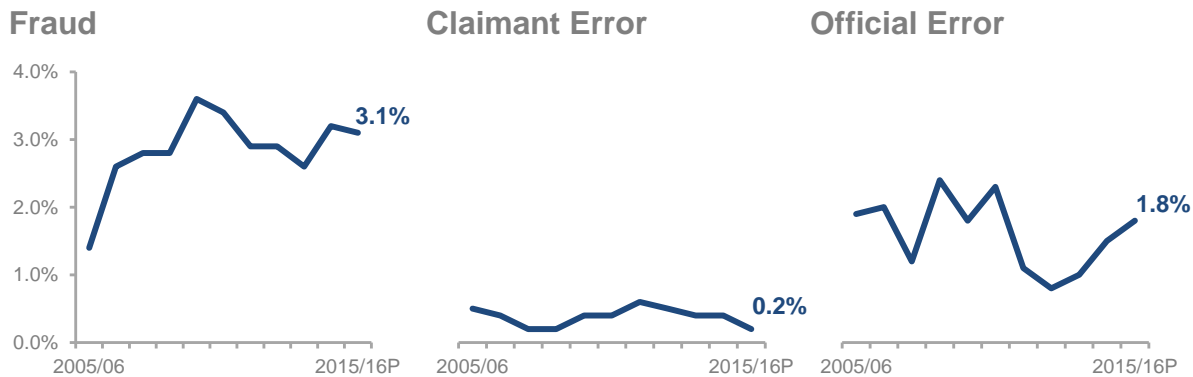
The rate of overpayments on Jobseeker's Allowance decreased slightly between 2014/15 and 2015/16, from 5.1% to 5.0%. Because of the sharp decrease in expenditure from £3.1bn to £2.4bn, the change in the monetary value of overpayments is much larger, from £160m to £120m.

The rate of fraud and claimant error overpayments both decreased slightly, to 3.1% and 0.2% respectively, while the rate of official error overpayments increased, from 1.5% to 1.8%.

The main cause of fraud overpayments continues to be failure to declare earnings and employment, accounting for £34m, a decrease of £18m since last year. Loss of Claimant Contact accounts for £17m of fraud overpayments.

Labour Market Issues, which are often linked to a lack of evidence being available to the teams checking the claims, remains the main cause of official error overpayments, accounting for £19m.

The rate of underpayments on Jobseeker's Allowance decreased from 1.1% in 2014/15 to 0.8% in 2015/16. The rate of claimant error and official error underpayments both decreased slightly, to 0.1% and 0.7% respectively. Official error underpayments associated with housing costs showed the biggest decrease, from £22m to £4m.



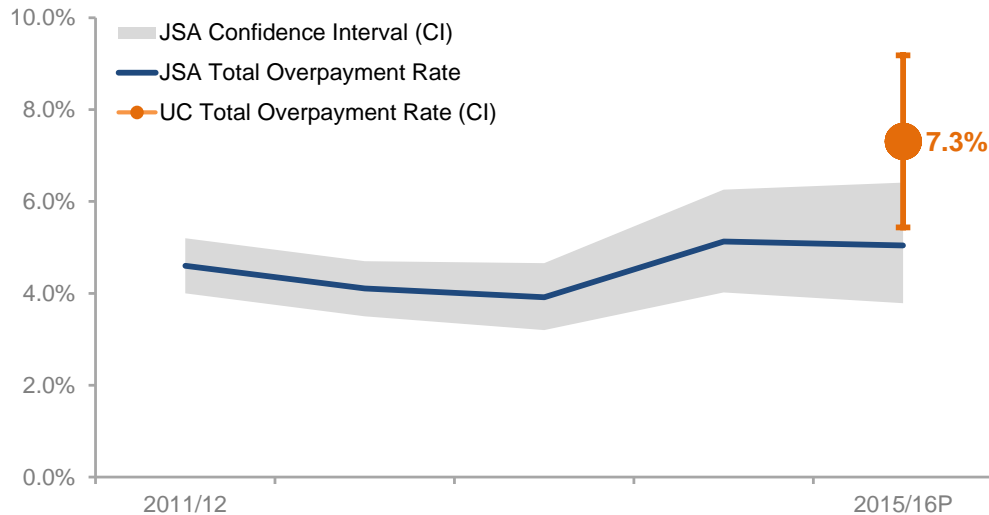
Source: Fraud and Error in the Benefit System: 2015/16P, Table 2

This is the first time that we have measured fraud and error on Universal Credit

To help users we have provided a comparison with JSA. However, this needs to be treated with caution as it is not an exact like-for-like comparison; the UC caseload is becoming more complex as it rolls out.

Universal Credit Overpayments

Overpayments as a percentage of expenditure



Main messages

Universal Credit commenced rolling out to 4 Pathfinder offices from April 2013 but is still in its initial stages of being rolled out to jobseekers. During the period covered by the measurement process the UC caseload has increased from 17,000 to 118,000, compared with an average of 828,000 on JSA.

The total rate of overpayments on UC at 7.3% is higher than for Jobseeker’s Allowance (5.0%), but the difference is not statistically significant, as highlighted by the overlapping confidence intervals (see page 3 for more information on statistical significance).

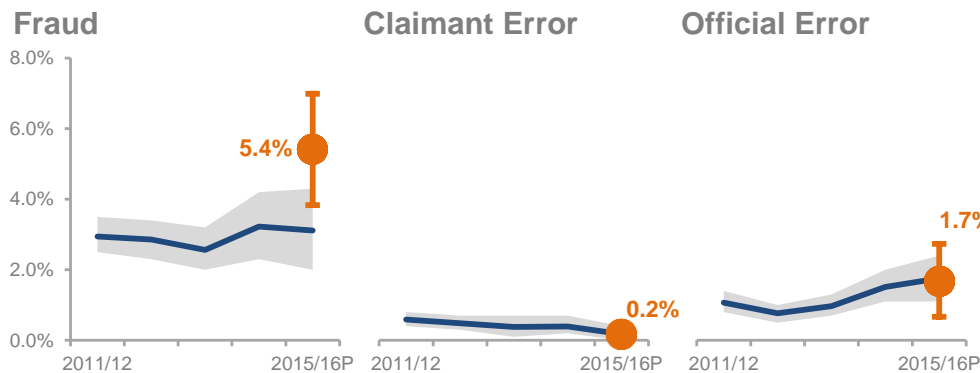
As UC is still being rolled out across Great Britain (see Appendix 4), expenditure on this benefit (£477m in 2015/16) is much lower than on JSA (£2.4bn in 2015/16). The monetary value of overpayments on UC is correspondingly lower, at £35m, compared with £120m for JSA.

The rate of fraud overpayments on UC is 5.4%, compared with 3.1% on JSA. The largest causes of fraud on UC are **Loss of Claimant Contact** (3.2%) and **Living Together** (1.4%). **Earnings and Employment** fraud on UC is 0.4%, much lower than that on JSA (1.4%). (See Appendix 3 for more information on the main causes of fraud on UC and JSA).

The rate of claimant error and official error overpayments on UC and JSA is very similar. UC official error is 1.7%, compared to 1.8% on JSA; claimant error is 0.2% on both benefits.

The largest cause of official error overpayments on UC is **Conditions of Entitlement** at 1.0%, compared with 0.2% for JSA. This category consists mainly of errors where the claimant commitment has not been agreed and signed, or no evidence to show this has been completed, yet UC is being paid.

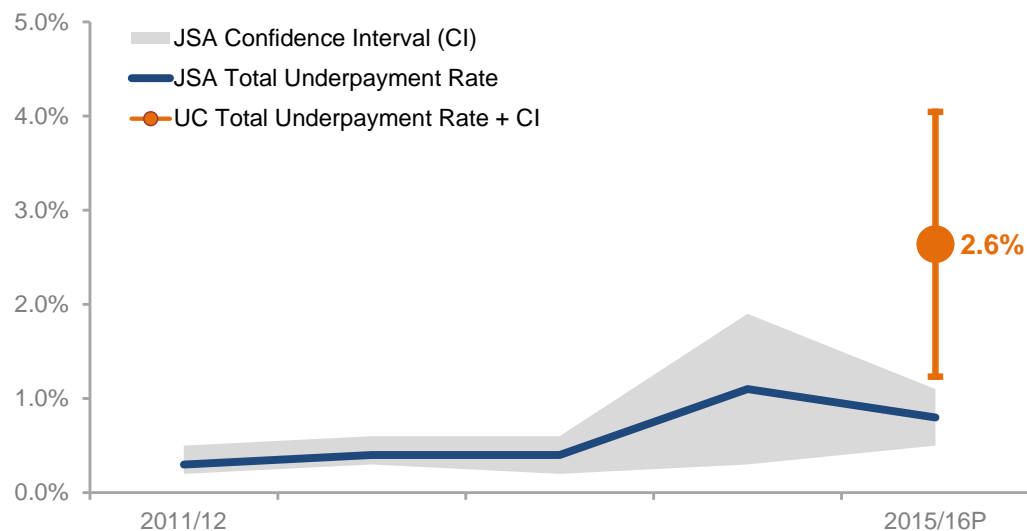
Although the majority of UC claims start out as the equivalent of a simple JSA claim, such as a single person without children or housing costs, they can change their circumstances over time and remain on UC. We estimate that 35% of the UC caseload were in employment and 36% of the caseload had housing costs, making these cases more complex to administer.



Source: Fraud and Error in the Benefit System: 2015/16P, Table 2

Universal Credit Underpayments

Underpayments as a percentage of expenditure



Main messages

The first estimate of the total rate of underpayments on Universal Credit is 2.6%.

This is higher than the total rate of underpayments on Jobseeker's Allowance (JSA), 0.8% and **this difference is statistically significant, as highlighted by the confidence intervals not overlapping (see page 3 for more information on statistical significance).**

The monetary value of total underpayments on Universal Credit (UC) is £13m.

The majority of underpayments on UC are official error underpayments. The rate of official error underpayments is 2.3%, compared with 0.7% on JSA. This difference is statistically significant.

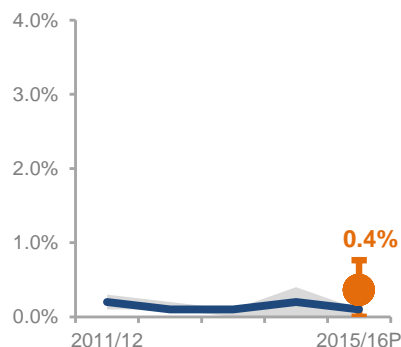
The rate of claimant error underpayments on UC is 0.4%, compared with 0.1% on JSA.

The main cause of underpayments on UC is Housing Costs, which accounts for 1.3% of official error underpayments and 0.4% of claimant error underpayments. This may help explain why underpayments are higher on UC; many housing cost errors on cases with JSA and HB will be included in the estimates for Housing Benefit.

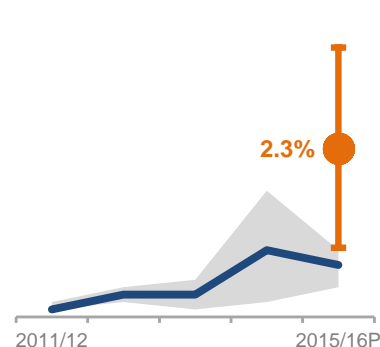
The monetary value of underpayments due to Housing Costs was £8m, compared to only £1m of UC overpayments. This difference is due to a larger number of underpayment errors that contain a higher amount of monetary error.

The Other error category accounted for 0.5% of underpayments. This category consists mainly of official errors where payments were not made or the payments were incorrectly calculated.

Claimant Error



Official Error



Source: Fraud and Error in the Benefit System: 2015/16P, Table 2

Appendix 1: Overpayment rates and monetary values by benefit

	Expenditure	Total		Fraud		Claimant Error		Official Error		Last measured
		Rate	Value	Rate	Value	Rate	Value	Rate	Value	
Continuously reviewed										
Housing Benefit	£24.3bn	5.2%	£1260m	3.0%	£730m	1.8%	£430m	0.4%	£90m	Oct 14 - Sep 15
Pension Credit ¹	£6.2bn	5.6%	£350m	2.5%	£150m	1.4%	£90m	1.7%	£100m	Oct 14 - Sep 15
Employment & Support Allowance	£14.5bn	2.8%	£410m	1.7%	£250m	0.5%	£80m	0.6%	£80m	Oct 14 - Sep 15
Jobseeker's Allowance	£2.4bn	5.0%	£120m	3.1%	£70m	0.2%	£0m	1.8%	£40m	Oct 14 - Sep 15
Universal Credit ¹	£0.5bn	7.3%	£36m	5.4%	£27m	0.2%	£1m	1.7%	£8m	Oct 14 - Sep 15
Occasionally reviewed										
Income Support	£2.7bn	3.9%	£100m	2.4%	£60m	1.0%	£30m	0.4%	£10m	Apr 14 - Mar 15
Incapacity Benefit	£0.1bn	2.4%	£0m	0.3%	£0m	0.9%	£0m	1.2%	£0m	Oct 09 - Sep 10
Disability Living Allowance ²	£13.3bn	1.9%	£250m	0.5%	£60m	0.6%	£80m	0.8%	£100m	Apr 04 - Mar 05
State Pension ³	£89.4bn	0.1%	£110m	0.0%	£0m	0.1%	£70m	0.0%	£30m	Apr 05 - Mar 06
Carer's Allowance	£2.6bn	5.5%	£140m	3.9%	£100m	1.0%	£30m	0.6%	£20m	Apr 96 - Mar 97
Interdependencies			£30m		£10m		£10m		£10m	Apr 15 - Mar 16
Unreviewed⁴	£16.2bn	1.7%	£270m	0.6%	£100m	0.5%	£80m	0.5%	£90m	
Total⁵	£172.0bn	1.8%	£3.1bn	0.9%	£1.6bn	0.5%	£0.9bn	0.3%	£0.6bn	
Range ⁶		(1.5,2.2)	(2.6,3.7)	(0.8,1.2)	(1.3,2.1)	(0.4,0.7)	(0.7,1.3)	(0.3,0.5)	(0.4,0.9)	

Notes:

- As we use earlier expenditure data for individual benefits than for the overall overpayment/underpayment calculations, the associated monetary value of fraud and error in the table may differ slightly from the monetary value reported throughout the rest of the publication.
- The 2004/05 Disability Living Allowance (DLA) National Benefit Review identified cases where the change in customers' needs had been so gradual that it would be unreasonable to expect them to know at which point their entitlement to DLA might have changed. These cases do not result in a recoverable overpayment as we cannot identify when the change occurred. Because legislation requires the Secretary of State to prove that entitlement to DLA is incorrect, rather than requiring the customer to inform us that their needs have changed, cases in this sub-category are legally correct. The difference between what customers in these cases are receiving in DLA and related premiums in other benefits and what they would receive if their benefit was reassessed was estimated to be around £0.6 billion (+/-£0.2 billion) in 2005/06. Based on 2015/16 DLA expenditure this figure is now estimated to be around £1.0 billion (+£0.3/-£0.2 billion). This component is not included in the total above.
- Official error estimates for State Pension (SP) are derived from a continuous measurement exercise which covered the period October 2014 to September 2015. SP fraud and customer error estimates have been produced based on a National Benefit Review exercise carried out in 2005/06. The latest 2015/16 forecast expenditure has then been applied to these estimates to provide the most up to date monetary values for SP fraud and error.
- The 'Unreviewed' category no longer includes Universal Credit estimates as these are now derived from a continuous measurement exercise.
- Rows and columns may not sum to totals due to rounding.
- Approximate 95% confidence intervals are given. These allow for non-sample error in occasionally reviewed benefits and the additional uncertainty that comes from the use of older measurement periods.

Appendix 2: Underpayment rates and monetary values by benefit

	Expenditure	Total		Fraud		Claimant Error		Official Error		Last measured
		Rate	Value	Rate	Value	Rate	Value	Rate	Value	
Continuously reviewed										
Housing Benefit	£24.3bn	1.4%	£350m	0.0%	£0m	1.0%	£250m	0.4%	£100m	Oct 14 - Sep 15
Pension Credit	£6.2bn	2.3%	£140m	0.0%	£0m	0.7%	£50m	1.6%	£100m	Oct 14 - Sep 15
Employment & Support Allowance	£14.5bn	2.3%	£340m	0.0%	£0m	1.0%	£140m	1.4%	£200m	Oct 14 - Sep 15
Jobseeker's Allowance	£2.4bn	0.8%	£20m	0.1%	£0m	0.1%	£0m	0.7%	£20m	Oct 14 - Sep 15
Universal Credit	£0.5bn	2.6%	£13m	0.0%	£0m	0.4%	£2m	2.3%	£11m	Oct 14 - Sep 15
Occasionally reviewed										
Income Support	£2.7bn	0.8%	£20m	0.1%	£0m	0.4%	£10m	0.3%	£10m	Apr 14 - Mar 15
Incapacity Benefit	£0.1bn	0.7%	£0m	0.0%	£0m	0.0%	£0m	0.7%	£0m	Oct 09 - Sep 10
Disability Living Allowance	£13.3bn	2.5%	£330m	0.0%	£0m	2.4%	£320m	0.1%	£10m	Apr 04 - Mar 05
State Pension	£89.4bn	0.3%	£260m	0.0%	£0m	0.0%	£0m	0.3%	£260m	Apr 05 - Mar 06
Carer's Allowance	£2.6bn	0.1%	£0m	0.0%	£0m	0.1%	£0m	0.0%	£0m	Apr 96 - Mar 97
Unreviewed										
Unreviewed ²	£16.2bn	1.8%	£290m	0.0%	£0m	1.5%	£250m	0.3%	£40m	
Total ³	£172.0bn	1.0%	£1.8bn	0.0%	£0.0bn	0.6%	£1.0bn	0.4%	£0.7bn	
Range ⁴		(0.8,1.3)	(1.3,2.3)	(0.0,0.0)	(0.0,0.0)	(0.4,0.9)	(0.6,1.5)	(0.3,0.5)	(0.6,0.9)	

Notes:

- Official error estimates for State Pension (SP) are derived from a continuous measurement exercise which covered the period October 2014 to September 2015. SP fraud and customer error estimates have been produced based on a National Benefit Review exercise carried out in 2005/06. The latest 2015/16 forecast expenditure has then been applied to these estimates to provide the most up to date monetary values for SP fraud and error.
- The 'Unreviewed' category no longer includes Universal Credit estimates as these are now derived from a continuous measurement exercise.
- Rows and columns may not sum to totals due to rounding.
- Approximate 95% confidence intervals are given. These allow for non-sample error in occasionally reviewed benefits and the additional uncertainty that comes from the use of older measurement periods.

Appendix 3: Fraud with a Causal Link on Universal Credit and Jobseeker’s Allowance

For both UC and JSA, fraud with a causal link accounts for the majority of fraud overpayments. For UC, 85% of all fraud is causal link fraud; for JSA, it is 76%.

Cases are categorised as **Fraud with Causal Link** if there is a suspicion that a change in reported circumstances is directly linked to the claimant’s case being reviewed or when, following initial contact, the claimant subsequently fails to co-operate with the review process and action is taken to end their claim.

Examples of behaviours that can lead to the claim being classed as a Fraud with Causal Link include:

- Where the claimant receives notification of the review and subsequently contacts the service centre to report an immediate change such as living with a partner, starting work, self-employed or capital;
- Where the claimant completes the review but subsequently declares that a change has happened following the period of the review;
- Where the claimant receives notification of the review and does not engage in the review process or they contact the service centre and request to withdraw their claim;
- Where the claimant completes a review and a change is declared, however, supporting evidence needed to verify the change is not returned, resulting in claim suspension and termination.

Within this publication the main types of fraud with a causal link are:

- **Living Together** – where a claimant’s benefit is calculated based on being single, but they are found to be living with a partner and so the claim is not taking all of the relevant circumstances such as earnings or income into account.
- **Earnings and Employment** – where the claimant has started work; increase in earnings, or becomes self-employed.
- **Capital & Income** – where the claimant has more capital or income than originally declared.
- **Loss of Claimant Contact** – where the claimant fails to co-operate with the review process, following notification of the review. **The claimant’s benefit is then suspended and subsequently terminated.** This can be for the following reasons:
 - Fails to make themselves available twice for a review, or
 - Reports a change in their circumstances during the review and does not provide the evidence needed to verify the change within the required time, or
 - Contacts the department and withdraws their claim to benefit.

Fraud with a Causal Link on UC and JSA

Rate of overpayments as a percentage of expenditure

	UC	JSA
Causal Link Fraud		
Earnings/Employment	0.3%	1.0%
Income - not Earnings or Employment	0.0%	-
Loss of Claimant Contact	3.2%	0.7%
Living Together	0.8%	0.5%
Capital	0.3%	-
Other	-	0.2%
Total	4.6%	2.4%
Non Causal Link Fraud		
Earnings/Employment	0.1%	0.5%
Income - Other	-	0.1%
Conditions of Entitlement	-	0.1%
Living Together	0.6%	0.0%
Income - Occ & Pers Pensions	-	0.0%
Capital	0.1%	0.0%
Total	0.8%	0.8%
Total Fraud	5.4%	3.1%

For UC, the rate of causal link fraud overpayments is 4.6%, nearly double the rate for JSA (2.4%).

Non causal link fraud overpayment rates for UC and JSA are identical (0.8%).

For UC, the most important areas for fraud with a causal link are Loss of Claimant Contact (3.2%), Living Together (0.8%), Capital (0.3%) and Earnings/Employment (0.3%).

For JSA, the most important areas for fraud with causal link are Earnings and Employment (1.0%), Loss of Claimant Contact (0.7%) and Living Together (0.5%).

Appendix 4: About Universal Credit

Fraud and Error in Universal Credit (UC) was measured for the first time. These results provide preliminary 2015/16 financial year estimates, based on information covering the period October 2014 to September 2015. During the measurement period the UC caseload increased from 17,000 to 118,000.

Universal Credit is a new benefit that reduces poverty by making work pay. It encourages claimants to take personal responsibility to actively seek work, increase earnings and take ownership for their account and the information they supply, while continuing to provide support for those who need it most.

Universal Credit will eventually replace the following benefits with a single monthly UC payment:

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support, Working Tax Credit
- Child Tax Credit
- Housing Benefit

The main differences between Universal Credit and the current welfare system are:

- Universal Credit is available to people who are in work and on a low income, as well as to those who are out-of-work
- Most people will apply online and manage their claim through an online account
- Universal Credit will be responsive – as people on low incomes move in and out of work, they'll get on-going support
- Most claimants on low incomes will still be paid Universal Credit when they first start a new job or increase their part-time hours
- Claimants will receive a single monthly household payment, paid into a bank account in the same way as a monthly salary
- Support with housing costs will usually go direct to the claimant as part of their monthly payment
- Whether an individual can claim UC depends on where they live and their personal circumstances, but once a person starts to claim UC, they normally remain on UC unless they receive no benefit for 6 months or choose to terminate their claim.

Universal Credit Rollout

- UC was initially introduced between April and July 2013 in four Pathfinder sites in the North West. Progressive roll out of UC began in October 2013 and by spring 2014 ten offices were delivering UC.
- For new claims there was a set of conditions so that only certain types of new claims were eligible for UC in those geographical areas where UC had been introduced.
- In Pathfinder areas, these conditions meant that new claims had to be single, not home-owners, without any children and unemployed (i.e. would otherwise have been making a new claim to Jobseeker's Allowance (JSA)).
- From July 2014 the conditions expanded to include couples, and at the same time the rollout for single claimants was extended.
- From summer 2014 UC started to roll out across the North West of England and eligibility was extended further to include families with children from November 2014.
- National expansion (for single unemployed claims only) began in February 2015 and was completed in April 2016.

About these statistics

The figures presented in this report are estimates of fraud, claimant error and official error.

Fraud – cases where the following three conditions apply:

- The basic conditions for receipt of benefit, or the rate of benefit in payment, are not being met
- The claimant can reasonably be expected to be aware of the effect on entitlement
- Benefit stops or reduces as a result of the review.

Claimant Error – the claimant has provided inaccurate or incomplete information, or failed to report a change in their circumstances, but there is no fraudulent intent on the claimant's part.

Official Error – the benefit has been paid incorrectly due to inaction, delay or a mistaken assessment by the DWP, a Local Authority or Her Majesty's Revenue and Customs.

Our Background and Methodology information note provides further information on the how we calculate 'Fraud and Error in the Benefit System' statistics and gives a glossary of the causes of fraud and error used in this document and the reference tables:

<https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-201516-preliminary-estimates>

Technical appendices give more detail about the data manipulation process:

<https://www.gov.uk/government/publications/fraud-and-error-in-the-benefit-system-supporting-documents-for-statistical-reports>

Other National and Official Statistics

Details of other National and Official Statistics produced by the Department for Work and Pensions can be found on the DWP website via the following links:

- A list of Tabulation Tools: <https://www.gov.uk/government/organisations/department-for-work-pensions/series/dwp-statistics-tabulation-tool>;
- A schedule of statistical releases over the next 12 months and a list of the most recent releases: <https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics>;
- In accordance with the Code of Practice for Official Statistics, all DWP National Statistics are also announced via the UK Statistics Authority publication hub at: <https://www.gov.uk/government/statistics/announcements>

In addition, users can find links to additional DWP statistical analyses that have not been included in our standard publications at

<https://www.gov.uk/government/organisations/department-for-work-pensions/series/ad-hoc-statistical-publications-list>

If you would like to receive occasional e-mails from DWP to directly inform you of documents seeking the views of users, please email general.statistics@dwp.gsi.gov.uk giving details of the DWP publications you use.

Fraud and error – rates and monetary values

For continuously measured benefits, the **monetary value of fraud and error** is calculated using the percentage of fraud and error found in our sample:

(Percentage of fraud and error) x (Benefit expenditure)

Even if the rate of fraud and error is increasing, if the benefit expenditure is decreasing, we could see a lower monetary value; and *vice versa*. For example:

The rate of overpayments on Employment Support and Allowance fell from 2.9% to 2.8% but expenditure rose from £12.8bn to £14.5bn.

2.9% of £12.8bn is £370m. 2.8% of £14.5bn is £410m.

This is why it is better to compare **rates of overpayments and underpayments** rather than monetary values.