



UC: TREATMENT OF ARREARS OF BENEFIT

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INTRODUCTION

- 1 This memo gives guidance on the The Social Security (Treatment of Arrears of Benefit) Regulations 2018¹, which come into force on 11.9.18.

[*1 SI 2018 No. 932*](#)

- 2 The regulations provide for payments of arrears of SS benefits or compensation of £5,000 or more to be disregarded as capital for the purposes of
 1. IS
 2. JSA(IB)
 3. SPC
 4. HB
 5. ESA(IR)

where the payments are made as a result of official error or error of law. See Memo DMG 12/18 for further details.

- 3 This memo gives guidance on the treatment of arrears of benefits for UC claimants.

BACKGROUND

- 4 ADM [H2091](#) explains that

1. arrears of benefits, including existing benefits and other SS benefits which are not treated as unearned income **or**
2. compensation for late payment of benefits

which a UC claimant receives during the previous 12 months are disregarded as capital¹.

1 UC Regs, Sch 10, para 18

- 5 Where

1. the period of entitlement to benefit to which the payment of arrears or compensation relates begins before the first day on which the abolition of existing benefits comes into force¹ (that is, when a claim for or an award of UC is made – see ADM Chapters M3 and M6 for details) **and**
2. the conditions in paragraphs 7 or 8 are satisfied²

the guidance at [H2091](#) should **not** be followed³.

1 UC (TP) Regs, reg 10A(1)(d); 2 reg 10A(1); 3 reg 10A(2)

- 6 Instead, the payment of arrears or compensation is disregarded as capital

1. for the period of 12 months from the date of receipt **or**
2. until the end of the UC award

whichever is later¹.

1 UC (TP) Regs, reg 10A(2)

Payment made to UC claimant

- 7 Paragraph 6 applies where¹ a payment of arrears or compensation as in paragraph 2

1. is received during the current UC award **and**
2. would be disregarded as capital if the claimant had been entitled to an existing benefit² or SPC.

Note: See M6003 for the meaning of existing benefit.

1 UC (TP) Regs, reg 10A(1)(a)(i) & (b); UC (TP) Regs, reg 2(1)

Example

Glyn is entitled to UC. His award began on 17.5.18 when he moved to a different LA area and was unable to claim HB. On 23.10.18 he receives a payment of £6,802.03 arrears of ESA(IR) after the decision converting an award of IB to ESA is revised for official error. Glyn's award of UC ends on 3.2.20 when he claims SPC. The payment is disregarded as capital for the whole of Glyn's award of UC.

Payment made before UC awarded

8 Paragraph 6 applies where¹

1. a payment of arrears or compensation as in paragraph 2 was received while the claimant was entitled to an existing benefit or SPC **and**
2. the payment in 1. was disregarded as capital for the purposes of the existing benefit or SPC **and**
3. the claimant was awarded UC within one month of the termination of the award of the existing benefit or SPC.

1 UC (TP) Regs, reg 10A(1)(a)(ii) & (c)

Example

Chantelle is entitled to IS as a lone parent, as well as PIP standard daily living component. In April 2019 she receives a payment of £7,099.65 arrears of PIP after her PIP award is superseded for error of law to include the mobility component from 28.11.16. The payment is disregarded as capital for the purposes of IS. On 10.7.19 Chantelle's award of IS ends when her youngest child reaches the age of 5. Chantelle claims and is awarded UC from 11.7.19. The remaining amount of arrears of PIP continues to be disregarded as capital for the purposes of UC.

ANNOTATIONS

Please annotate the number of this memo (Memo ADM 19/18) against the following ADM paragraphs:

H2091; Chapter M4 main heading; Chapter M6 main heading

CONTACTS

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, 3E, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in [Memo DMG 03/13](#) - Obtaining legal advice and guidance on the Law.

DMA Leeds: September 2018

The content of the examples in this document (including use of imagery) is for illustrative purposes only