

Budgeting Loans

Factsheet

What is a Budgeting Loan?

Budgeting Loans help you spread the cost of things you need to buy every so often. This is a tax-free loan. No interest is charged but you do have to pay the loan back.

You can use a Budgeting Loan to help pay for:

- furniture and household items
- clothes and footwear
- travel costs
- maternity or funeral costs
- things to help you look for or start work
- costs to improve or maintain your home, or keep it secure
- rent in advance, removal costs to get a new home or bath, or
- hire purchase (HP) or other debts you may have in relation to the items above.

We cannot pay a Budgeting Loan of less than £100.

Can I get a Budgeting Loan?

You may be able to get a Budgeting Loan if you get:

- Income Support
- income-based Jobseeker's Allowance
- income-related Employment and Support Allowance
- Pension Credit, or
- payment on account of one of these benefits, and
- you or your partner have been getting one of these benefits for at least 26 weeks.

How do I apply?



www.gov.uk/browse/benefits



Phone: 0845 603 6967
Textphone: 0845 608 8553

Monday to Friday 8am to 6pm.

When do I find out?

We make most decisions within seven working days.

What if I can get a Budgeting Loan?

We send you a letter offering the loan amount and saying how much you will have to pay back each week.



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Pensions

The loan may be for the whole amount you ask for, or it may be for less. When we offer a loan we also look at what you need to pay back each week to check that you can afford to pay back all your loans within 104 weeks (two years). When you sign and return the letter, the loan is paid into your bank or building society account.

How do you decide?

To decide how much to give, we first look at whether you are:

- single without children
- part of a couple without children, or
- single or part of a couple with children.

Each of the above groups has a borrowing limit. We only have so much money that we can loan to people, so these limits can go up when we are getting fewer applications, or down when we are getting more. But all the people in the same group can have up to the same amount to borrow at any one time.

We then also have to look at other things, such as:

- how much you owe the Social Fund from any other loans you have had
- any savings you have, and
- how much you can afford to repay.

There is an overall loan limit of £1,500. If you already owe money from past loans, this money plus your new loan cannot go above this limit.

If you have savings over £1,000 (or savings over £2,000, if you or your partner are aged 61 or over), this will affect how much you can get.

Will this affect my other benefits?

A Budgeting Loan will not affect any other money you get from us.

How do I pay back the Budgeting Loan?

We will normally take a weekly amount from your:

- Income Support
- income-based Jobseeker's Allowance
- income-related Employment and Support Allowance, or
- Pension Credit.

If you stop getting these benefits, we will set up another way for you to repay the loan. This may be from other benefits you get, or other money, like wages. We start doing this as soon as we can after paying you the loan.

What if I have trouble paying it back?

Tell us as soon as possible. We might be able to help. For example, we may ask you to pay less each week but for a longer time. Call us on **0845 603 6967** as soon as possible if you have a problem.

Calls to 0845 numbers from BT land lines should cost no more than 5p per minute with a 13p call set up charge. You may have to pay more if you use another phone company or a mobile phone, or if you are calling from abroad. Calls from mobile phones can cost up to 40p per minute, so check the cost of calls with your service provider.