

Freedom of Information request 2711/2013

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Information request

As a person on benefits and disabled, if I was to break my arm and sue someone for compensation, and get paid what status does the money have, and do I have to declare it, please be as clear as possible, Because I see it as compensation is not for living, it is recompense for damage done and has nothing to do with income, Please help clarify this area for me.

DWP response

The treatment of a personal injury payment depends on the benefit(s) that the claimant gets. If the claimant is receiving an income-related benefit, such as Income Support or income-related Employment and Support Allowance, lump-sum compensation payments made as a result of a personal injury will not affect that benefit for a maximum period of 52 weeks from the date of receipt, or until the lump sum is disposed of, whichever comes first. If, after 52 weeks, the money is placed into a trust fund that capital will be ignored for benefit purposes. Additionally, any income derived from the trust fund will also be ignored. If, after 52 weeks, the money is not placed in a trust fund it will be taken into account in the normal way, and benefit entitlement will end if the total capital is more than £16,000.

If the claimant is receiving a benefit which is not income related, such as Incapacity Benefit or Disability Living Allowance, this will not be affected by the compensation payment.