

### **Managed payments of the ‘Universal Credit housing element’ to landlords**

We expect most Universal Credit claimants will receive the single monthly payment, taking responsibility for paying their own household bills including their rent on time. However we recognise that some claimants will need extra support and so alternative payment arrangements including a managed payment of the Universal Credit housing element to the landlord can be considered in some cases to help protect tenancies.

Managed payments will be considered on a case-by-case basis and can be requested by landlords as well as claimants. They can be considered on request from the start of the claim or during the claim if the claimant has accumulated rent arrears which will put their tenancy at risk.

We do expect landlords to continue to follow their usual rent collection practices and procedures, making every effort to manage rent payments and recovery of any rent arrears. However, if the claimant is unable or unwilling to resolve payment issues with their landlord Universal Credit can then intervene.

#### **1. What are the key elements to consider?**

- When a claimant has accumulated one month's rent arrears due to persistent underpayment, we will make an early intervention, reviewing the financial support they need and making managed payments to their landlord if appropriate.
- If a claimant has accrued two month's rent arrears, we will pay the Universal Credit housing element direct to the landlord and if requested take steps to recover the rent arrears through deductions from their remaining UC payment.

#### **2. What do landlords need to do to request a managed payment?**

Landlords should contact Universal Credit on 0845 6000 723 in the first instance when arrears have accrued as stated above. The Universal Credit agent will explain to the landlord that the request for a managed payment must be made in writing and they will explain what information is required, this will include the following:

- Tenants name, address, and if known their date of birth and national insurance number
- Current tenancy agreement including
- Proof of the rent arrears which must include the amount of rent outstanding and the amount of rent due each calendar month
- The landlord's contact details – their name and address plus their bank/building society account number and sort code for the payments.
- Any reference number / transaction ID for that tenant

And

- Whether or not the landlord wishes to recover rent arrears via Universal Credit

Once Universal Credit receives this information they will decide whether or not a managed payment is appropriate and inform both the landlord and claimant. The claimant will also be offered personal budgeting support – see below.

**3. Will any claimants have a managed payment to their landlord from the start of their claim?**

Yes, when a claim for Universal Credit is made it will be decided if a claimant needs support with budgeting and this could include a managed payment to the landlord.

**4. If a claimant is already in rent arrears when they make a claim for Universal Credit, will a managed payment to the landlord apply from the start?**

As above – it will depend on the claimant's level of arrears and their particular circumstances. When a Universal Credit claim is made, Universal Credit will offer the claimant personal budgeting support and through this process decide if a managed payment to the landlord is needed. All cases will be looked at on an individual basis.

**5. Can landlords contact Universal Credit to ask for a managed payment from the start due to the claimant having significant rent arrears?**

Yes, Landlords can contact Universal Credit as stated above to request a managed payment from the start. Once the necessary information is received the Universal Credit agent will then decide if a managed payment is appropriate and inform the landlord and claimant.

**6. Can rent arrears be recovered from claimants through a deduction to their Universal Credit?**

Yes, arrears of rent and service charges for the property the tenant is currently living in are included in the list of deductions that can be made from a Universal Credit payment.

Landlords should phone to request a 'third party deduction' for rent arrears when arrears reach the equivalent of two months rent.

**7. What budgeting support will be available and how do claimants access this?**

Personal budgeting support will be offered to anyone claiming Universal Credit. Claimants needing help with monthly budgeting will be identified at their first Universal Credit appointment with the Jobcentre and will be referred for personal budgeting support.

Many claimants will be able to help themselves through the online budgeting support services that are already available, and we will help people who have a clear need for more intensive support.

Money advice will be offered at a national and local level, and will include a mix of online, phone and face to face services.

**8. Will managed payments be reviewed?**

Yes, all managed payment will be subject to a review. The Universal Credit agent will decide the review period taking into account the claimant's particular circumstances and level of rent arrears. At the review, they will decide if the claimant is now capable of managing the standard monthly payment.

**9. When would a managed payment not be considered appropriate?**

A managed payment is not considered appropriate if there is no financial risk to the claimant or their family and / or any rent arrears are being satisfactorily managed.

**The above arrangements will be kept under review as Universal Credit rolls out and may be subject to change.**