



The Department for Work and Pensions pays welfare benefits to around 20 million people. 'Fraud and Error in the Benefit System' estimates how much money the department incorrectly pays – either by paying people too much benefit – **overpayments** – or by not paying enough benefit – **underpayments**. We calculate this as a percentage of the total amount of benefit we pay – expenditure. Overpayments and underpayments happen as a consequence of fraud, claimant error and processing errors or delays by DWP – 'official error'.

Main stories

2.2% of benefit expenditure was overpaid in 2017/18

This was broadly the same as 2016/17. It amounted to **£3.8bn** of overpayments. This is the joint highest recorded rate (see page 3)

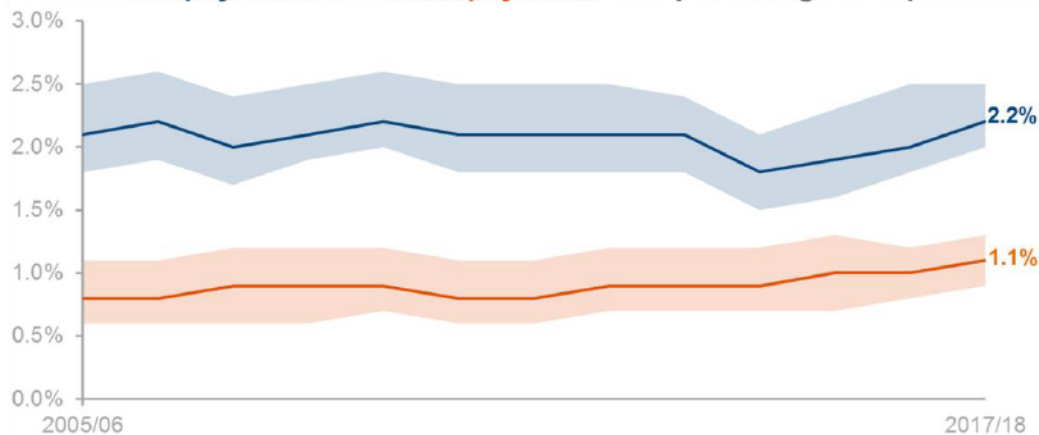
1.1% of benefit expenditure was underpaid in 2017/18

This was broadly the same as 2016/17. It amounted to **£1.9bn** of underpayments. This is the highest recorded rate (see page 3)

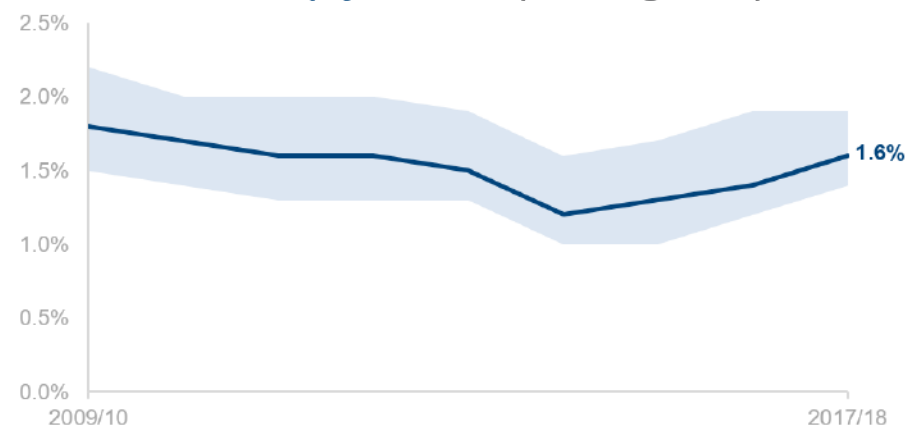
Net loss from overpayments was 1.6% of benefit expenditure

£1.1bn of overpayments were recovered in 2017/18. This means the net Government loss was **£2.8bn**

Overall overpayments and underpayments as a percentage of expenditure



Net loss from overpayments as a percentage of expenditure



What you need to know

At a glance

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In this document

This document contains estimates of the level of fraud and error in the benefit system. The main measures we use are the percentage of benefit expenditure that is overpaid or underpaid. We also show this as an amount in pounds. The amount in pounds could go up, even if the percentage stays the same, if the amount of benefit we pay out in total goes up. We recommend comparing percentage rates because of this.

We measure fraud and error so we can understand the levels, trends and reasons behind it. This understanding supports decision making on what actions DWP can take to reduce the level of fraud and error in the benefit system. The National Audit Office takes account of the amount of fraud and error when they audit DWP's accounts each year. It helps them assess whether the Department is delivering value for money.

Published tables and data

The figures in this document are a selection from our [Reference tables](#). The tables contain further breakdowns of the results presented in this report by different characteristics, with time series data back to 2005/06 for some benefits.

How we measure fraud and error

We take a sample of benefit claims from our administrative systems. Our Performance Measurement team look at the data we hold on the systems and then contact claimants to arrange a review. We either visit claimants or phone them. At the review they give us evidence like identity, bank account details and other information that could affect their benefit claim (e.g. childcare costs). We assess if the claim is correct or not. If the claim is not correct, we look at the amount of money the claim is wrong by and classify it as follows:

- **Fraud:** Cases where the following three conditions apply:
 - The 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:** 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 to which no one outside of that department has materially contributed, regardless of whether the business unit has processed the information.

We don't measure all of the benefits that DWP pays. We do measure Universal Credit, Housing Benefit, Employment and Support Allowance, Pension Credit, Jobseeker's Allowance and Personal Independence Payment. For the others, we use a proxy measure. For more information, read our [Background and Methodology document](#)

Statistical Significance and Confidence Intervals

These estimates are based on a sample of benefit claims in payment. Choosing a different sample might give us a different estimate. The figure we quote is the central estimate. We also show a range around the central estimate, called a **Confidence Interval**. We are 95% sure that the true value lies within the confidence interval. The confidence interval is shown as a shaded area on some graphs in this publication.

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 is therefore likely to be a real change/difference. In this publication we note when changes since the previous year are statistically significant by marking them with an asterisk (*). In order to give an indication of trends over time, we mention when the central estimates for benefits are at their highest recorded rates. Due to sampling error it may be that the real rate could be lower than previous years.

Rates of overpayments and underpayments were broadly the same as 2016/17

The total overpayment and underpayment rates are estimates of fraud and error across all benefit expenditure

All benefits



The dotted line indicates a change in the way we categorise overpayments from 2014/15. For more details see the background and methodology document

The estimate of the total rate of overpayments in 2017/18 was broadly the same as 2016/17. The confidence interval around the 2016/17 estimate of 2.0% – as shown on the chart on the first page – means we think the true value lies between 1.8% and 2.5%. The 2017/18 estimate of 2.2% is inside that interval – which means it’s not a statistically significant change.

The estimate of the total rate of overpayments (2.2%) is the joint highest recorded rate. It was last at this level in 2009/10.

We have seen an increase in the central estimate of the total rate of overpayments over the last three years. However, the change over this period is not statistically significant, and we cannot conclude that this is a real increase

The estimate of the monetary value of overpayments was £3.8bn.

This compares to £3.6bn for overpayments in 2016/17. Benefit expenditure increased from £174.0bn in 2016/17 to £177.3bn in 2017/18.

Fraud overpayments are at their joint highest estimated level, the same as in 2016/17.

For individual benefits, Housing Benefit, Employment and Support Allowance, Jobseeker’s Allowance, Universal Credit and Personal Independence Payment all had their highest **overpayment** rates on record in 2017/18. The increase for Universal Credit from 2016/17 was statistically significant.

Overpayments and underpayments on continuously reviewed benefits: 2017/18

Benefit	Overpayment rate (monetary value)	Underpayment rate (monetary value)
Housing Benefit	6.7% (£1,480m)	1.7% (£370m)
Employment and Support Allowance	4.1% (£620m)	2.8% (£420m)
Pension Credit	6.1% (£340m)	2.8% (£150m)
Jobseeker's Allowance	6.3% (£110m)	1.3% (£20m)
Universal Credit	8.3% (£270m)	1.0% (£30m)
Personal Independence Payment	3.2% (£260m)	4.2% (£340m)

The estimate of the total rate of underpayments in 2017/18 was also broadly the same as 2016/17. The estimate of the total rate of underpayments (1.1%) is the highest recorded rate.

The estimate of the monetary value of underpayments is £1.9bn.

This compares to £1.7bn for underpayments in 2016/17.

Claimant error and official error underpayments were both at their joint highest estimated levels.

For individual benefits, Housing Benefit, Pension Credit, Jobseeker’s Allowance and Personal Independence Payment all had their highest **underpayment** rates on record in 2017/18.

Net loss from overpayments

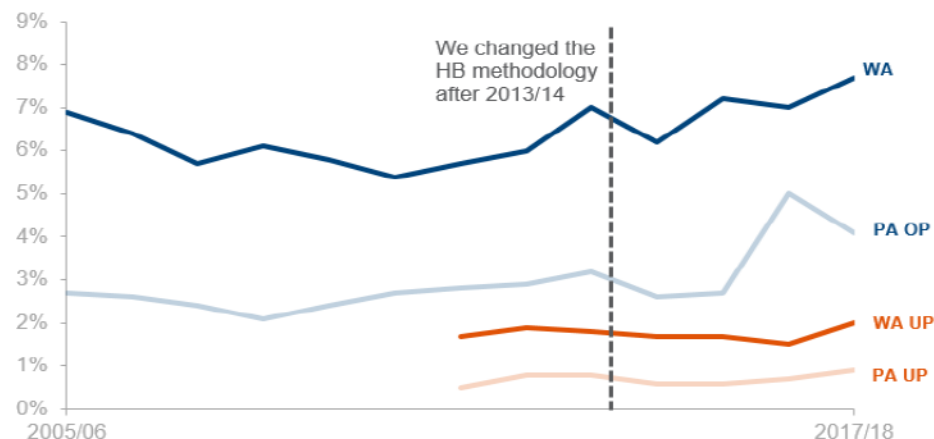
The department can recover overpayments from people – this means not all of the £3.8bn is lost, and we can “net off” recoveries. In 2017/18, we recovered £1.1bn of overpayments (£0.7bn Housing Benefit and £0.4bn other DWP benefits), the same as in 2016/17. **The net rate of loss from overpayments in 2017/18 was 1.6%, or £2.8bn.** This had risen from 1.4% or £2.5bn in 2016/17, although the increase was not statistically significant. It rose due to the rise in the rate of overpayments.

Housing Benefit (HB) overpayments and underpayments were at their highest recorded rates in 2017/18

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

Working age (WA) overpayments (OP) and underpayments (UP) were higher than those for pension age (PA) claimants

Time series of the rate of HB working age and pension age overpayments and underpayments, 2005/06 to 2017/18



Overpayments on Housing Benefit were at their highest recorded rate of 6.7%, although the change since 2016/17 was not significant. Though the rate increased, the monetary value of overpayments fell to £1,480m, due to a fall in expenditure, from £23.4bn in 2016/17 to £22.3bn in 2017/18. Housing Benefit expenditure is higher than the amount paid out for the other benefits that we measure every year, but it is falling as some claimants are now on Universal Credit instead.

Most overpayments on Housing Benefit in 2017/18 were because of fraud. Of the 6.7% of overpayments, 4.5% were due to fraud, 1.8% were due to claimant error and 0.4% were due to official error.

Housing Benefit is paid to people of both working age and pension age, with around 73% of expenditure being paid to working age claimants. Overpayments were higher for the working age group, at 7.6% of expenditure, compared to 4.1% for pension age claimants. As a result, most overpayments were for working age people (£1,230m of the total £1,480m overpaid in 2017/18).

The main cause of working age overpayments, at £654m, was incorrect information about earnings and employment (e.g. people not telling us what they have been paid). These accounted for over half of HB overpayments for working age claimants. Around two-thirds of these overpayments were due to fraud.

23.2% of cases on Housing Benefit had overpayments, which is the highest of all the benefits we measure each year.

Underpayments on Housing Benefit were at their highest recorded rate of 1.7%, although the change since 2016/17 was not significant. The monetary value of underpayments was £370m.

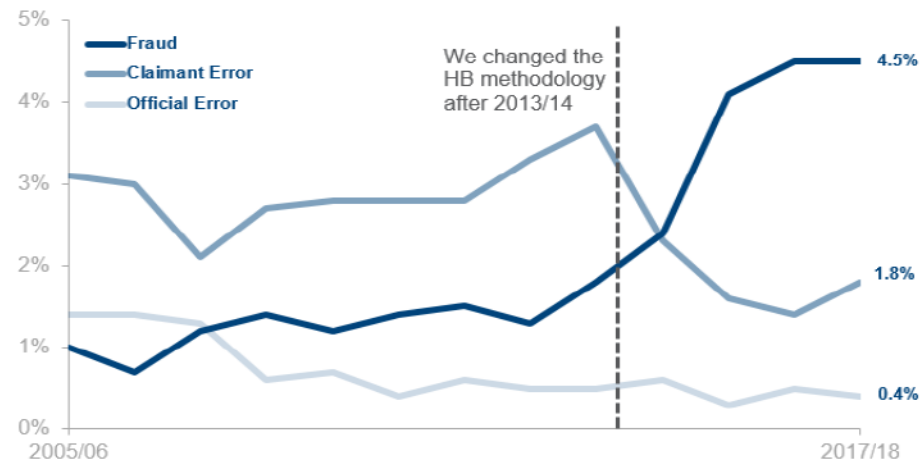
Most underpayments on Housing Benefit were because of claimant error (1.2%), with the remainder (0.4%) being due to official error.

As with overpayments, underpayments were higher for working age claimants, at 1.9%, compared to 0.9% for pension age claimants. Working age claimants were underpaid £310m. Incorrect information about earnings and employment was the main cause of working age underpayments, at £165m, and again accounted for over half of the total.

As with overpayments, a higher proportion of Housing Benefit cases have underpayments than other benefits – 14.3% of cases were underpaid Housing Benefit in 2017/18.

Most overpayments on HB in 2017/18 were because of fraud

Time series of the rate of HB overpayments split by error type, 2005/06 to 2017/18



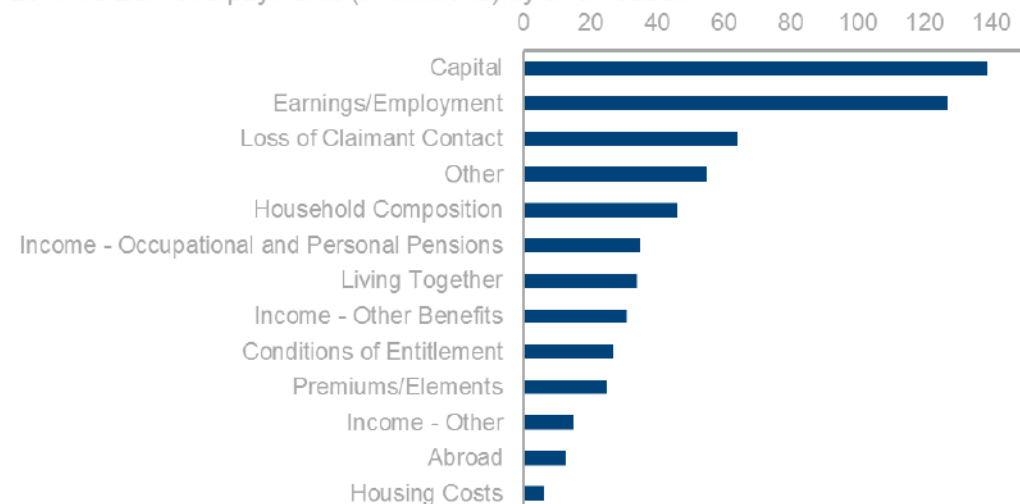
We have changed the way we calculate Housing Benefit overpayments and underpayments. For this publication we have made the process for HB more similar to the process for ESA, JSA and PC. The change to the overall HB overpayment and underpayment estimates is negligible, but there are some changes when the estimates are broken down further, for example into error categories. Because of this, the 2017/18 estimates are not directly comparable to previous years. For more information see our Background and Methodology file

Employment and Support Allowance (ESA) overpayments and underpayments were broadly the same as the previous year

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.

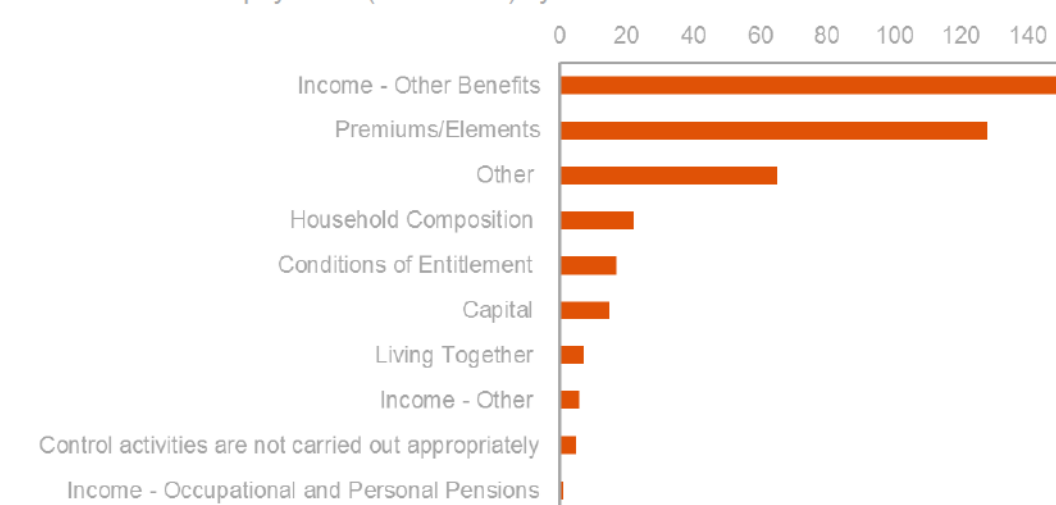
The two biggest reasons for ESA overpayments were Capital and Earnings/Employment. Together these accounted for over 40% of overpayments

2017/18 ESA overpayments (in £millions) by error reason



The two biggest reasons for ESA underpayments were Income - Other Benefits and Premiums. These accounted for around two-thirds of underpayments

2017/18 ESA underpayments (in £millions) by error reason



The rate of overpayments on Employment and Support Allowance was broadly the same as 2016/17. Although the estimated rate was a little higher, at 4.1% compared to 4.0% in 2016/17, the change was not statistically significant.

The total monetary value overpaid on ESA was £620m.

The biggest reasons for overpayments are errors about Capital (£139m) and Earnings/Employment (£127m). Capital errors relate to the amount of money in bank or building society accounts, for example. Not much has changed over the last few years in terms of the reasons for overpayments on Employment and Support Allowance.

The rate of underpayments on Employment and Support Allowance was also broadly the same, although the estimate was a bit lower, at 2.8% compared to 2.9% in 2016/17. This change was not statistically significant.

The monetary value of underpayments was £420m.

Underpayments were relatively evenly split between official error (1.5%) and claimant error (1.3%).

The biggest contributing factors to ESA underpayments were Income – Other Benefits (£157m) and Premiums (£128m).

These two reasons can often relate to the same thing:

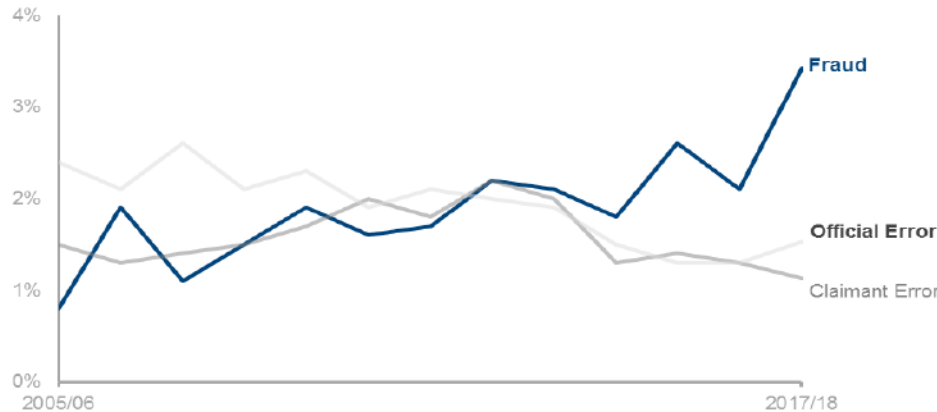
- DWP failing to award a premium when the business unit is aware of another benefit the claimant is in receipt of that would entitle them to a premium (this would be categorised as 'premiums');
- or a claimant failing to tell us about certain other benefits they have, which the business unit were not aware of, that would entitle them to a premium (this would be categorised as 'income – other benefits')

Pension Credit (PC) overpayments due to fraud increased between 2016/17 and 2017/18, and underpayments were at their highest recorded rate

Pension Credit provides support to people who have reached the qualifying age, which is linked to women's state pension age. Guarantee Credit tops up any other income to a standard minimum amount. Savings Credit is an extra payment for those who have made some additional provision for their retirement through, for example an occupational pension or savings. Those reaching State Pension age from 6th April 2016 are not eligible for Savings Credit.

The rise in Pension Credit overpayments was because of a rise in fraud

PC overpayment rate split by error type – 2005/06 to 2017/18



The rate of overpayments on Pension Credit rose to 6.1%, compared to 4.8% in 2016/17, although the change was not statistically significant.

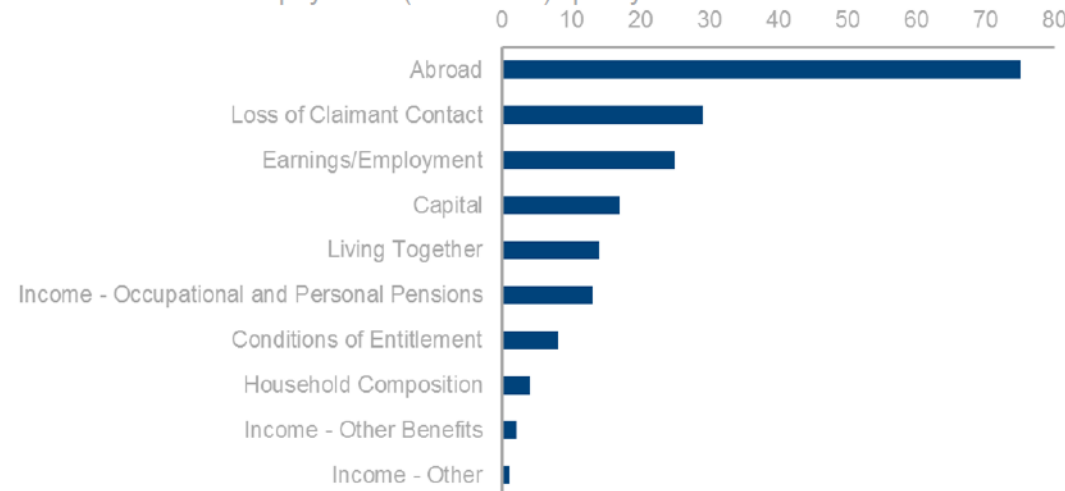
The total monetary value overpaid on Pension Credit was £340m.

Overpayments increased because of an increase in fraud, which went up from 2.1% in 2016/17 to its highest rate of 3.4%* in 2017/18. There was a small rise in official error, but it was offset by a small drop in claimant error.

The main reason behind the increase in fraud was an increase in overpayments for people being abroad for longer than the rules on the benefit allow. Abroad overpayments were the highest individual cause of fraud, as they were in 2016/17, but they increased from £51m to £75m, with the rate rising from 0.9% to 1.4%. This increase, however, was not statistically significant.

The rise in fraud was driven by a rise in people being abroad for longer than is allowed. This error was the biggest contributor to PC overpayments

2017/18 PC fraud overpayments (in £millions) split by error reason



This increase was likely driven by a change in the Pension Credit rules in July 2016, which generally reduced the time claimants could spend out of Great Britain and retain entitlement to benefit from 13 weeks to 4.

Underpayments on Pension Credit also increased, going from 2.4% in 2016/17 to 2.8% in 2017/18, although this change was not statistically significant.

The monetary value of underpayments was £150m.

The increase in underpayments was due to a rise in claimant error – it rose from 0.9% to 1.3%.

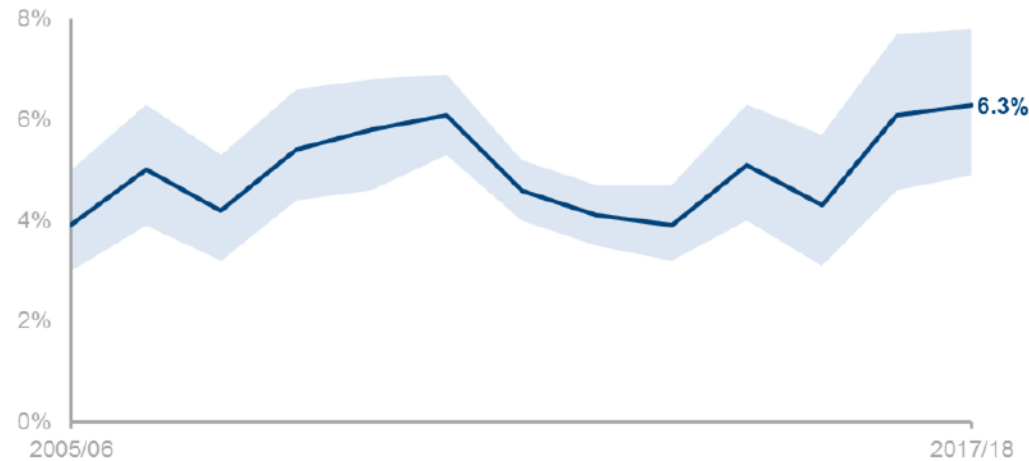
* = change since 2016/17 is statistically significant

Jobseeker's Allowance (JSA) overpayments and underpayments were at their highest recorded rates in 2017/18

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

JSA overpayments were at their highest recorded level in 2017/18

Timeseries of the rate of JSA overpayments – 2005/06 to 2017/18



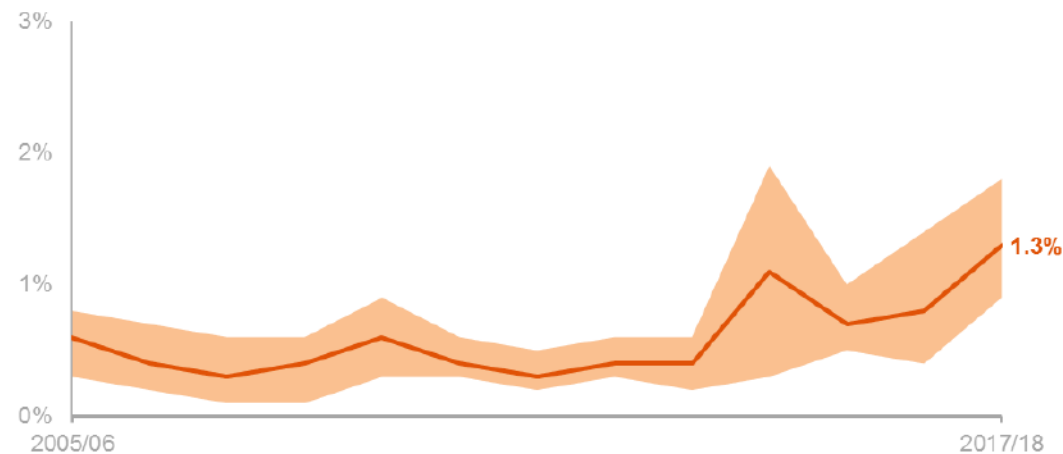
The rate of overpayments on Jobseeker's Allowance was 6.3% in 2017/18, the highest level recorded, although the change since 2016/17 was not statistically significant.

The amount of money overpaid fell from £120m in 2016/17 to £110m in 2017/18, because the expenditure on JSA dropped from £1.9bn to £1.7bn.

The higher rate of overpayments in recent years is likely because the JSA caseload has a higher proportion of more complex cases than it had previously, which means there are more opportunities for error. This may be partly because many of the more straightforward cases have naturally migrated onto Universal Credit following a break in entitlement to JSA. Certain groups of people, including those with caring responsibilities or in receipt of other benefits, have not been eligible to claim UC Live Service and therefore remain on JSA.

JSA underpayments were at their highest recorded level in 2017/18

Timeseries of the rate of JSA underpayments – 2005/06 to 2017/18



The rate of underpayments in 2017/18 was 1.3%, the highest level recorded. The rise from 0.8% in 2016/17 was not statistically significant.

This increase is due to a rise in official error which rose from 0.5% to 1.0%*. As with overpayments, this is also likely to be due in part to the remaining JSA caseload becoming more complex as Universal Credit continues to roll out. Underpayments relating to Premiums increased from 0.1% to 0.8%*.

The monetary value of underpayments was £20m.

For underpayments, JSA has the lowest rate of incorrectness of all the benefits we measure every year – 2.5% of cases on JSA involved an underpayment in 2017/18.

* = change since 2016/17 is statistically significant

A note on JSA estimates: measurement of JSA ended in September 2018. The last published estimates of fraud and error for JSA will appear in the 2018/19 estimates which will be published in April/May 2019

Universal Credit overpayments were at their highest recorded rate in 2017/18

Universal Credit is a payment to help with living costs for those on a low income or out of work. Eligibility for Universal Credit depends on individual circumstances and location.



Time series of over and under payments for Fraud, Claimant and Official Error
*These changes are statistically significant

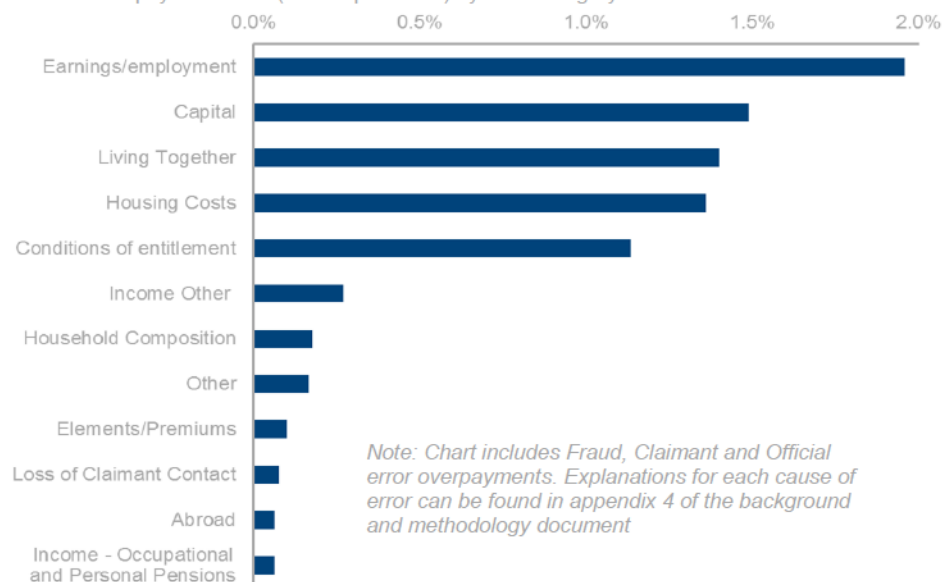
Overpayments were at their highest recorded rate, increasing from 5.5% to 8.3%* of expenditure, which is equivalent to £270m out of £3.3bn we paid in 2017/18. Fraud was at its highest recorded rate of 5.3%*, up from 3.2%.

Capital fraud has increased from 0.3% to 1.4%*. This is largely due to a strengthening of capital verification in the measurement process. This has led to more capital fraud being identified within the sample.

Cases of unreported living together were at a level last seen in 2015/16, estimated to be 1.4%. This increase, from 0.5% in 2016/17, was not significant, and was due to the unusually low number of cases found in the sample that year, rather than an increase in the prevalence of undeclared living together.

The top 5 causes of overpayments on Universal Credit accounted for almost 90% of expenditure overpaid

2017/18 overpayment rates (% of expenditure) by error category



As UC is made available to more families, workers, and people with housing costs, this is reflected in the types of errors found. For instance, there have been more errors due to undeclared earnings from employment (1.4%) and unreported changes to housing costs (0.6%), though the increases in these error categories were not significant.

Claimant error increased from 0.3% to 0.7%; this rise was not significant. The change was due to more people making mistakes when reporting their housing costs and, to a smaller extent, their income from work. The introduction of online accounts has increased the responsibility on claimants to verify that the information held on their account is both accurate and up to date. This has contributed to the rise in claimant errors and the reduction in official errors on housing costs.

Underpayments decreased from 1.3% in 2016/17 to 1.0% in 2017/18; this change was not significant. The monetary value of underpayments was £30m. The main cause of underpayments was official error made on housing costs – however, these reduced from 0.6% to 0.3%. Although the reduction was not significant, rent reductions in the social rented sector mean there are less claimants subject to rent increases and hence less underpayments.

* = change since 2016/17 is statistically significant

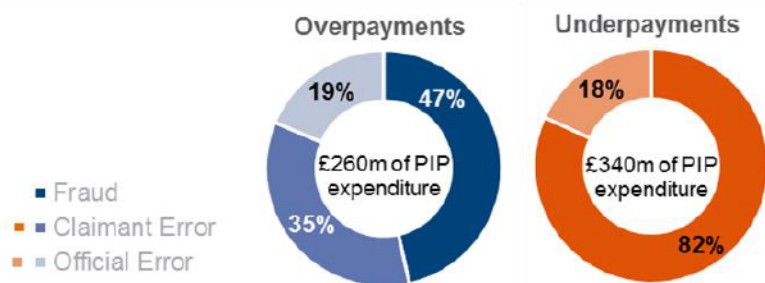
What we can't use these statistics for: The expenditure on Universal Credit increased from £1.6bn in 2016/17 to £3.3bn in 2017/18. This means that the monetary values of fraud and error cannot be directly compared year on year. In addition, continued roll out of UC has seen an increase in the size and complexity of the caseload, so like-for-like comparisons cannot be made between related benefits or previous time periods.

Personal Independence Payment (PIP) overpayments were broadly the same as the previous year while underpayments were at their highest recorded rate

Personal Independence Payment helps with extra costs caused by long-term disability or ill-health. From April 2013 PIP started to replace Disability Living Allowance (DLA) for people of working age¹.

Almost half of the £260m overpaid was due to fraud and around 80% of underpayments were claimant error.

2017/18 Proportion of error type



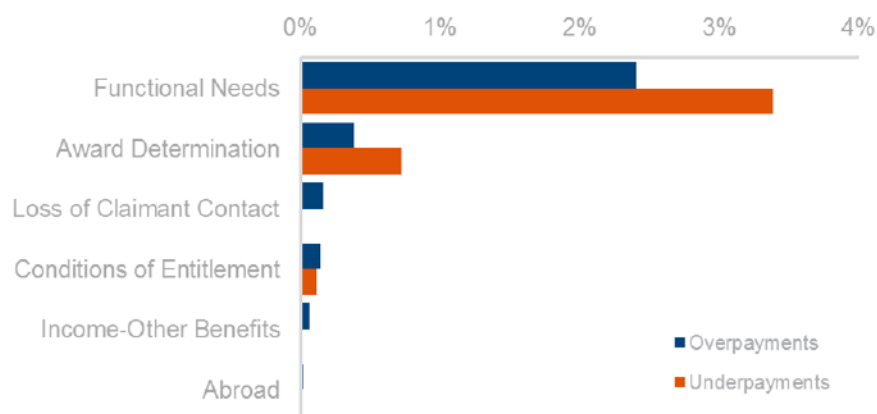
As the newest benefit to be measured for fraud and error, there are currently only two estimates available for PIP.

Error Rate	2016/17	2017/18
Total Overpayments	3.1%	3.2%
Fraud	1.4%	1.5%
Claimant Error	1.2%	1.1%
Official Error	0.6%	0.6%
Total Underpayments	3.6%	4.2%
Claimant Error	3.1%	3.5%
Official Error	0.5%	0.8%

The rate of overpayments on PIP remained broadly the same, with 3.2% being overpaid in 2017/18. This represented £260m overpaid out of expenditure of £8.2bn on PIP.

PIP overpayments and underpayments predominantly fell into two categories – Functional Needs and Award Determination

2017/18 Percentage of expenditure split by error reason



Fraud was the main reason for overpayments, as it was in 2016/17, at 1.5% (£120m). Claimants failing to report improvements to Functional Needs remained the primary error reason at 2.4%. This was split between fraud and claimant error.

Award Determination was the next highest overpayment reason (0.4%). These are official errors made in assessing a PIP award based on the needs declared by the claimant.

The total rate of underpayments on Personal Independence Payment increased from 3.6% to 4.2%, although this change was not statistically significant. The monetary value of underpayments was £340m.

Claimant error was the main reason for underpayments, at 3.5% (£280m). The vast majority (3.4%) were due to claimants failing to inform the department about a deterioration in their Functional Needs.

Note: 2.3% of claimant errors were excluded from the overpayment estimates. These are errors where an improvement in a claimant's condition means they have been overpaid, but we would not reasonably expect them to know to report the change (see Appendix 4). Due to this exclusion, PIP is the only benefit measured where underpayment rates are higher than overpayments.

What we can't use these statistics for: The expenditure on PIP increased considerably from £5.2bn in 2016/17 to £8.2bn in 2017/18. This means the monetary values of fraud and error cannot be directly compared year on year, but the percentage rates of overpayment and underpayment can.

¹PIP estimates are not directly comparable with DLA. This is due to different assumptions used and length of time since DLA fraud and error was measured; see Appendix 4 for details.

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	£22.3bn	6.7%	£1,480m	4.5%	£990m	1.8%	£400m	0.4%	£90m	Apr 17 - Mar 18
Pension Credit	£5.5bn	6.1%	£340m	3.4%	£190m	1.1%	£60m	1.5%	£80m	Apr 17 - Mar 18
Employment and Support Allowance	£15.0bn	4.1%	£620m	2.2%	£320m	1.0%	£150m	0.9%	£140m	Apr 17 - Mar 18
Jobseeker's Allowance	£1.7bn	6.3%	£110m	4.3%	£70m	0.2%	£0m	1.7%	£30m	Apr 17 - Mar 18
Universal Credit ¹	£3.3bn	8.3%	£270m	5.3%	£170m	0.7%	£20m	2.3%	£80m	Apr 17 - Mar 18
Personal Independence Payment ²	£8.2bn	3.2%	£260m	1.5%	£120m	1.1%	£90m	0.6%	£50m	Feb 17 - Jan 18
Occasionally reviewed										
Income Support	£2.2bn	3.9%	£90m	2.4%	£50m	1.0%	£20m	0.4%	£10m	Oct 13 - Sep 14
Incapacity Benefit ³	£0.0bn	2.4%	£0m	0.3%	£0m	0.9%	£0m	1.2%	£0m	Oct 09 - Sep 10
Disability Living Allowance ²	£9.4bn	1.9%	£180m	0.5%	£50m	0.6%	£60m	0.8%	£70m	Apr 04 - Mar 05
State Pension ⁴	£93.8bn	0.1%	£90m	0.0%	£0m	0.1%	£80m	0.0%	£10m	Apr 05 - Mar 06
Carer's Allowance	£2.9bn	5.5%	£160m	3.9%	£110m	1.0%	£30m	0.6%	£20m	Apr 96 - Mar 97
Interdependencies			£40m		£10m		£10m		£20m	
Unreviewed	£13.1bn	1.8%	£230m	0.8%	£100m	0.5%	£60m	0.5%	£60m	
Total⁵	£177.3bn	2.2%	£3.8bn	1.2%	£2.2bn	0.6%	£1.0bn	0.4%	£0.7bn	
Range⁶		(2.0,2.5)	(3.5,4.4)	(1.1,1.5)	(2.0,2.7)	(0.5,0.7)	(0.9,1.3)	(0.3,0.5)	(0.5,0.9)	

Notes:

1. A number of cases are removed from the headline estimates for Universal Credit. This is due to a review not being completed and categorised as 'Inconclusive'. The expenditure on these cases is estimated to be £40m.
2. Certain cases are removed from the headline overpayments estimates for DLA and PIP estimates. Based on 2017/18 expenditure this figure is now estimated to be £0.7 billion (+/- £0.2 billion). PIP excluded estimated to be £180 million (+/- £60 million) for 2017/18.
3. Monetary values associated with Incapacity Benefit are displaying zeroes due to rounding.
4. Official error estimates for State Pension (SP) are derived from a continuous review exercise which covered the period April 2017 to March 2018. SP fraud and customer error estimates have been produced based on a National Benefit Review exercise carried out in 2005/06, applied to the latest 2017/18 expenditure.
5. Rows and columns may not sum to totals due to rounding.
6. Approximate 95% confidence intervals are given for the totals in the row above. 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	£22.3bn	1.7%	£370m	0.0%	£0m	1.2%	£270m	0.4%	£100m	Apr 17 - Mar 18
Pension Credit	£5.5bn	2.8%	£150m	0.0%	£0m	1.3%	£70m	1.5%	£80m	Apr 17 - Mar 18
Employment and Support Allowance	£15.0bn	2.8%	£420m	0.0%	£0m	1.3%	£200m	1.5%	£220m	Apr 17 - Mar 18
Jobseeker's Allowance	£1.7bn	1.3%	£20m	0.0%	£0m	0.3%	£0m	1.0%	£20m	Apr 17 - Mar 18
Universal Credit ¹	£3.3bn	1.0%	£30m	0.0%	£0m	0.4%	£10m	0.6%	£20m	Apr 17 - Mar 18
Personal Independence Payment ²	£8.2bn	4.2%	£340m	0.0%	£0m	3.5%	£280m	0.8%	£60m	Feb 17 - Jan 18
Occasionally reviewed										
Income Support	£2.2bn	0.8%	£20m	0.1%	£0m	0.4%	£10m	0.3%	£10m	Oct 13 - Sep 14
Incapacity Benefit ³	£0.0bn	0.7%	£0m	0.0%	£0m	0.0%	£0m	0.7%	£0m	Oct 09 - Sep 10
Disability Living Allowance	£9.4bn	2.5%	£240m	0.0%	£0m	2.4%	£230m	0.1%	£10m	Apr 04 - Mar 05
State Pension ⁴	£93.8bn	0.1%	£90m	0.0%	£0m	0.0%	£0m	0.1%	£90m	Apr 05 - Mar 06
Carer's Allowance	£2.9bn	0.1%	£0m	0.0%	£0m	0.1%	£0m	0.0%	£0m	Apr 96 - Mar 97
Unreviewed	£13.1bn	1.6%	£210m	0.0%	£0m	1.4%	£180m	0.2%	£30m	
Total⁵	£177.3bn	1.1%	£1.9bn	0.0%	£0.0bn	0.7%	£1.3bn	0.4%	£0.6bn	
Range⁶		(0.9,1.3)	(1.6,2.3)	(0.0,0.0)	(0.0,0.0)	(0.5,0.9)	(1.0,1.7)	(0.3,0.4)	(0.5,0.8)	

Notes:

1. A number of cases are removed from the headline estimates for Universal Credit. This is due to a review not being completed and categorised as 'Inconclusive'. The expenditure on these cases is estimated to be £40m.
2. A new legislation ruling for PIP means that some claimants may qualify for higher benefit awards than they were given at their assessment. Cases categorised since August 2018 will include this judgement which means that prior to this date we may be underestimating official error underpayments.
3. Monetary values associated with Incapacity Benefit are displaying zeroes due to rounding
4. Official error estimates for State Pension (SP) are derived from a continuous review exercise which covered the period April 2017 to March 2018. SP fraud and customer error estimates have been produced based on a National Benefit Review exercise carried out in 2005/06, applied to the latest 2017/18 expenditure.
5. Rows and columns may not sum to totals due to rounding.
6. Approximate 95% confidence intervals are given for the totals in the row above. 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: Universal Credit assumptions

UC Live Service was an intermediary system used to administer the majority of UC claims to date – predominantly single unemployed jobseekers – until the full online Service is fully rolled out. The new system, referred to as Full Service, is open to the majority of UC claimant types depending on location. Previously published estimates of fraud and error in UC were based on Live Service cases only, and assumed that Full Service fraud and error rates were similar to those being found in Live Service.

The 2017/18 final estimates in this publication include samples from both Full and Live Service. Measurement of Full Service started in October 2017, hence only six months of data was available for inclusion in the estimates. It is assumed that the six month sample of Full Service cases will be representative of the Full Service caseload for 2017/18.

Assumptions for cases not reviewed

In 2017/18, 4% of sample cases did not have an effective review, with the monetary value of these cases being around £90m (2.6% of UC expenditure). This is primarily due to the claimant not engaging in a review, resulting in their benefit claim being suspended and then later terminated. Additionally, it includes cases where the claimant withdraws their claim to UC following notification of a review.

These cases are referred to as ‘Cannot Review’ and the department holds very little information on their current circumstances and the reasons for failing to engage.

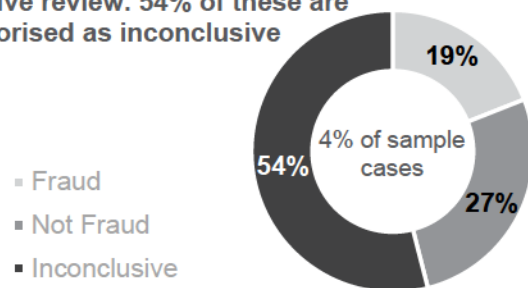
Given the lack of information available for these cases, a set of assumptions are applied to categorise the cases for reporting within the publication, as follows:

Fraud – where a case has a suspicion of Fraud raised following initial data gathering prior to review, these cases are assumed to be Fraud in the reported estimates.

Not fraud – where a claimant reclaims benefit at a similar rate within four months of their original award being terminated, these cases are assumed not to be fraud. Any other errors such as official error would remain on the case, so they may not be entirely benefit correct.

Inconclusive - where there is no information to suggest a suspicion of Fraud or that the claimant has reclaimed benefit, these are recorded as inconclusive, and no assumptions are made on these cases. These cases are taken out of the headline reported estimates, since there is insufficient evidence to categorise them as Fraud or not. The expenditure for these cases is estimated and reported separately in a footnote within the publication and supplementary tables.

4% of sample cases have not had an effective review. 54% of these are categorised as inconclusive



Cannot review cases account for around £90m of UC expenditure. 47% of this expenditure is categorised as inconclusive.

Cannot review assumption category	% of expenditure	Monetary value
Fraud	0.5%	£20m
Not Fraud	0.9%	£30m
Inconclusive	1.2%	£40m
Total	2.6%	£90m

Appendix 4: About Personal Independence Payment

From April 2013 DWP started to replace Disability Living Allowance (DLA) for working age people with PIP.

PIP Rollout

- On 8th April 2013, PIP was introduced for new claims from people living in a limited area in the North West and part of the North East of England.
- On 10th June 2013, PIP was introduced for new claims for the remaining parts of Great Britain.
- From 28th October 2013, using a structured roll out to postcode areas, DWP has been inviting DLA working age recipients to claim PIP if:
 - DWP received information about a change in care or mobility needs which meant their claim had to be renewed;
 - the claimant's fixed term award was due to expire;
 - children turned 16 years old (unless they have been awarded DLA under the special rules for terminally ill people);
 - or the claimant chose to claim PIP instead of DLA.
- From October 2015, the remaining DLA working age recipients have started to be invited to claim PIP.

PIP Fraud and Error Measurement

Measurement of fraud and error in Personal Independence Payment started in October 2015. Rollout of PIP is still ongoing, with the caseload increasing from 0.6m at the start of measurement to 1.8m by the end of 2017/18. Expenditure increased from £5.2bn in 2016/17 to £8.2bn in 2017/18.

The PIP statistics are **based on cases reviewed during the period from February 2017 to January 2018**.

Approximately 2% of the PIP caseload are terminally ill. We do not review these cases. We also don't review claims that have been re-assessed recently, or those having a planned review soon.

The PIP and DLA headline fraud and error estimates are not directly comparable for the following reasons:

- They have different legislation and regulations;
- Consequently, DLA and PIP fraud and error reviews take a different approach to categorising claimant error cases within the headline figures;
- DLA was last measured in 2004/05;
- PIP claimants are predominantly working age, so differ from DLA in 2004/05

Claimant error cases excluded from the headline overpayment statistics

The difference between fraud and claimant error is whether a claimant knew they should have told us about a change that affects their claim. For example, a claimant on Jobseeker's Allowance who gets a job can be expected to know that they should tell us about that. We call this "reasonably expected to know".

Changes to disability can be very gradual – therefore, the point at which a claimant is "reasonably expected to know" to report a change isn't always obvious.

PIP legislation takes this into account. When a PIP case is reassessed and a claimant is receiving too much benefit, we only class this as an overpayment (and try to recover the money) if it was reasonable for them to know they should have told us about their condition improving.

It's different for underpayments. Any time a case is reassessed and a person isn't getting enough money, we class this as an underpayment. Underpayments are therefore higher than overpayments for PIP, as we don't count all overpayments in the statistics.

Cases potentially affected by new legislation

A new legislation ruling means that some claimants may qualify for higher benefit awards than they were given at their assessment. Investigation of cases that could be affected is ongoing; as a result, we may be underestimating PIP official error. Going forward, cases categorised since August 2018 will include this judgement.

About these statistics

All the information underlying the charts and figures featured in this document is included in accompanying reference tables available on the gov.uk website:

<https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-2017-to-2018-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.

Our [Background and Methodology](#) information note provides further information on 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. It also contains further details on a number of methodological changes which have been introduced. Some of these are mentioned on pages for the individual benefits in this publication.

Our 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>

Interactive information and charts illustrating the fraud and error data:

<https://femavis.herokuapp.com>

This publication has been redrafted to allow us to illustrate more interesting statistics from the publication tables, using language in line with best practice from gov.uk and following feedback from the Good Practice Team at the Government Statistical Service. We will continue to review our publication content, and welcome user comments.

We held a consultation earlier this year to get the views of all of our users regarding how often we publish these statistics, which benefits we should measure and how frequently we measure individual benefits. More details on the consultation can be found here:

<https://www.gov.uk/government/consultations/changes-to-the-fraud-and-error-statistics>

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 DWP statistical summaries: <https://www.gov.uk/government/collections/dwp-statistical-summaries>;
- 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 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 Jobseeker's Allowance increased from 6.1% to 6.3% between 2016/17 and 2017/18 but expenditure dropped from £1.9bn to £1.7bn.

6.1% of £1.9bn is £120m. 6.3% of £1.7bn is £110m.

This is why it is usually better to compare **rates of overpayments and underpayments** rather than monetary values, and why statistically significant changes to monetary values are not highlighted.