



HM Revenue  
& Customs



Department  
for Work &  
Pensions



# The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

---

November 2017

HM Revenue and Customs Research Report 526

# Disclaimer

Views expressed in this report are not necessarily those of the Department for Work and Pensions or Her Majesty's Revenue and Customs or any other government department.

© Crown Copyright 2019

Copyright in the typographical arrangement and design rests with the Crown. This publication may be reported free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright with the title and source of the publication specified.

Published by HM Revenue and Customs, April 2019

[www.gov.uk/hmrc](http://www.gov.uk/hmrc)

# Executive summary

As part of ongoing benefit reforms, Universal Credit (UC) is replacing six working age benefits, including Working Tax Credit (WTC) and Child Tax Credit (CTC)<sup>1</sup>. Claimants currently claiming tax credits (TC) will gradually move to the Universal Credit system and tax credits will be phased out.

This move to Universal Credit is happening in two 'waves'. *Natural migration* to Universal Credit is happening already, and means that a claimant's move to Universal Credit is triggered by a change in their circumstances. The upcoming stage of *managed migration*, occurring from 2019, involves *all* claimants of the six benefits mentioned above being moved onto Universal Credit by DWP.

Her Majesty's Revenue and Customs (HMRC) and Department for Work and Pensions (DWP) commissioned this research to evaluate the experiences of claimants as they stop receiving tax credits and apply for Universal Credit during natural migration in order to understand and improve on their experience.

There were two elements to this research. The first was a **quantitative telephone survey with 1,004 Full Service claimants**, exploring their experience of natural migration from tax credits to Universal Credit, i.e. transition from tax credits to Universal Credit triggered by a change in their own circumstances. The second element was a **qualitative face-to-face study with 40 Universal Credit claimants** (both Live and Full Service) who had a tax credit overpayment. Therefore, this latter strand of the research focused on the transfer of their tax credit debt to their Universal Credit award, and whether they understood this process. All fieldwork was conducted between October 2016 and July 2017.

The key findings of this research are summarised below:

- This research was undertaken with some of the first tax credits customers moving to Universal Credit. The findings suggest that key elements of the process of making a UC claim are working, albeit with room for further improvement.
- For example, nearly all those interviewed claimed online<sup>2</sup> (96%). Over half (57 per cent) of all claimants completed the claim online themselves. A fifth (20 per cent) claimed online but required help from friends or family, and a further fifth (19 per cent) were assisted at the Jobcentre by an adviser. Only 3 per cent made a claim by telephone, and 1 per cent could not remember.

---

<sup>1</sup> Other benefits include Housing Benefit, Income Support, Income-based Jobseeker's Allowance (JSA) and Income-related Employment and Support Allowance (ESA)

<sup>2</sup> This is assuming that when claimants say they completed their claim "at the Jobcentre with an advisor", that this would have been online.

## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

- Two thirds (66 per cent) found it easy arranging an interview at the Jobcentre and getting together all necessary documents.
- The majority (74 per cent) understood why they had to start claiming Universal Credit (UC) and knew the rules and what their responsibilities were. Nearly two thirds (64 per cent) thought the conditions were explained well and that their entitlements were clearly explained (68 per cent). Although many contacted HM Revenue and Customs (HMRC) and Department for Work and Pensions (DWP) during the claim process, the majority thought that the queries were handled well (66 per cent for DWP, 67 per cent for HMRC).
- Claimants who had sufficient information about the transition from tax credits (TC) to UC and were aware of the changes in payment structure were generally satisfied with the service during the transition. This was also the case in the qualitative research. There are indications that in the case of natural migration, claimants that had lost their job prior to making a claim to UC found the transfer from TC to UC easier to comprehend.
- The qualitative research found that participants were broadly comfortable with the *principle* of outstanding TC overpayments being recovered from UC payments. However, greater clarity and certainty around how the overpayments originated and arrangements for recovery (repayment amount, frequency, and the start date of deductions) would reassure customers and minimise information requests.

The research identified some areas of the natural migration process where improvements can be made:

- Awareness of UC was low prior to making a claim (45 per cent had never heard of it before they made a claim). Over half (56 per cent) of claimants felt that they received too little information from HMRC and wanted more.
- Prior awareness of overpayments was low. Three quarters (75 per cent) of those with TC overpayments said they discovered they had an overpayment after their UC claim had started. The qualitative research, which focused solely on those who had a tax credit overpayment, found that whilst some claimants were aware they had an overpayment few understood that this debt would be recovered via deductions from their UC award.
- Over half (57 per cent) of claimants were aware that their tax credits would stop when they claimed UC. The qualitative research found that sometimes customers were unclear about why their tax credit claim had closed. This is important as those unaware of such information were more likely to contact both HMRC and DWP (57 per cent vs. 48 per cent of those aware).
- Awareness of payment arrangements and schedules could be increased. Less than half (42 per cent) of claimants were aware that there would be a gap between their tax credits stopping and their first UC payment being made. Nearly three in five (59 per cent) reported that they knew when their first UC

## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

payment would arrive, and around half said (52 per cent) it was the amount they were expecting.<sup>3</sup>

- We asked to what extent claimants were experiencing financial difficulties, and when these difficulties had started. A fifth (21 per cent) said they were keeping up with all bills and commitments with no difficulty, and a further quarter (27 per cent) said they were keeping up but it could be a struggle. Over a third (38 per cent) were 'having financial difficulties' – classified as those falling behind with some, or many, bills and commitments. Among this group, around six in ten (62 per cent) said their difficulties started in the same month or after they began claiming Universal Credit. Nearly four in ten (38 per cent) said their financial difficulties had begun prior to the date that they signed their Claimant Commitment.<sup>4</sup>
- Overall, there was a lack of awareness and a perceived lack of clear information about UC and the migration process. The majority of claimants contacted HMRC or DWP during their application process (87 per cent), with around half (52 per cent) contacting both departments. Lack of clear information was one of the main reasons for dissatisfaction with the service (34 per cent).
- The qualitative research found that some claimants felt the letters lacked specific information, such as a UC start date. The qualitative research suggested that some of the most common reasons that claimants contacted HMRC and DWP was to gain specific information, such as when their UC payments would start and how much they would be paid. Some found the letters overwhelming and 'full of jargon'. Communication therefore should include: digestible bullet points, simple language, and sign-posting to other concurrent/subsequent communications that people might receive.

---

<sup>3</sup> Fieldwork for the quantitative research was conducted in 2017. Since then, changes have been made to improve claimants' knowledge of UC, with the aim of making it easier for claimants transitioning from work or other benefits.

<sup>4</sup> Since January 2018, claimants who require support can get an advance of up to 100% of their estimated monthly entitlement while they wait for their first payment. Claimants can now pay back their advances over 12 months, with the aim of making it easier for them to manage their finances.

# Contents

Acknowledgements .....	9
Authors' credits.....	10
Glossary of terms .....	11
Abbreviations.....	13
Summary .....	14
Aims of the project.....	14
Methodology .....	15
Quantitative survey.....	15
Qualitative interviews.....	15
Key findings.....	15
Implications from the research .....	18
1 Introduction.....	19
1.1 Background.....	19
1.2 Research aims .....	22
1.3 Methodology.....	23
1.3.1 Quantitative survey .....	23
1.3.2 Qualitative interviews .....	24
2 Making the claim to Universal Credit Chapter overview .....	26
2.1 Summary of making a claim to Universal Credit.....	26
2.2 Awareness and understanding of Universal Credit.....	28
2.3 Making a claim online.....	30
2.3.1 Specific elements of the UC claim.....	30
2.3.2 Awareness of fundamental conditions of UC .....	32
2.3.3 Awareness of other entitlements included within a UC claim .....	33
3 Closing the Tax Credits claim.....	35
3.1 Summary of closing the claim .....	35
3.2 Awareness of tax credits stopping.....	36
3.3 Awareness of tax credits overpayments.....	38
3.4 Recall of letters.....	39

**The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

- 3.5 Response to letters ..... 40
- 4 Managing payments when moving from tax credits to Universal Credit ..... 43
  - 4.1.1 Receiving the first UC payment..... 43
  - 4.1.2 Payment gap..... 44
  - 4.1.3 Financial support available..... 46
  - 4.1.4 Awareness of deductions ..... 48
- 5 Contact with HMRC and DWP..... 51
  - 5.1 Frequency of contact..... 51
  - 5.2 Who is making contact ..... 51
    - 5.2.1 Who made contact with HMRC ..... 51
    - 5.2.2 Who made contact with DWP..... 52
  - 5.3 Reasons for contact ..... 53
    - 5.3.1 Reasons for contact with HMRC ..... 53
    - 5.3.2 Reasons for contact with DWP..... 55
    - 5.3.3 Contacting both departments ..... 56
    - 5.3.4 Insight from the qualitative research ..... 57
    - 5.3.5 Handling of customer queries..... 58
- 6 Overall satisfaction ..... 61
- 7 Conclusions..... 63
  - 7.1 Aspects of transition from tax credits to Universal Credit that are working well ..... 63
  - 7.2 Areas for improvement..... 63
- 8 Appendices..... 66
  - 8.1 Technical Appendix..... 66
    - 8.1.1 Qualitative methodology..... 66
    - 8.1.2 Qualitative analysis ..... 67
    - 8.1.3 Survey methodology and response rate..... 68
    - 8.1.4 Claimant profile ..... 69
  - 8.2 Qualitative Discussion Guide ..... 74

## List of Figures

Figure 1.1: Illustrative journey from tax credits to Universal Credit (following a job loss), showing key communications received .....	21
Figure 1.2: Overview of the transition from tax credits to UC research.....	23
Figure 1.3: Quantitative sample breakdown .....	24
Figure 2.1: Groups that are most likely to show lower levels of awareness, understanding and/or satisfaction .....	27
Figure 2.2: Awareness of Universal Credit before and after making a claim .....	28
Figure 2.3: Claimant reported reasons for moving to UC (multiple responses allowed) ....	29
Figure 2.4: Top two reasons for not making the UC claim online .....	30
Figure 2.5: Claimants experiences with various aspects of the claim process .....	31
Figure 2.6: Claimants needing more support with their UC claim .....	31
Figure 2.7: Awareness of conditions of UC claim .....	33
Figure 3.1: Where/how claimants found out that their tax credits award would stop (multiple responses allowed .....	37
Figure 3.2: Point in time at which claimants realised their tax credits award would stop ...	37
Figure 4.1: Claimants experiences since starting Universal Credit claim .....	45
Figure 4.2: Point at which financial difficulties started .....	46
Figure 4.3: Reasons for not taking up an advance payment (multiple responses allowed)	47
Figure 4.4: Understanding of UC deductions.....	49
Figure 5.1: Satisfaction with contacting HMRC/DWP .....	59
Figure 6.1: Groups satisfied with service received during the transition .....	61
Figure 8.1: Type of Tax Credits/benefits.....	70
Figure 8.2: Type of Claim .....	71
Figure 8.3: Working status.....	71
Figure 8.4: Age .....	72
Figure 8.5: Housing Status .....	73
Figure 8.6: Health .....	73

## List of Tables

Table 2.1: Awareness of housing and child costs .....	34
Table 3.1: Actions in response to Award Review Pack and Tax Credits Overpayments letter (multiple responses allowed) .....	41
Table 5.1: Reasons for contacting HMRC about tax credits (multiple responses allowed)	53
Table 5.2: Reasons for contacting HMRC about UC (multiple responses allowed) .....	54
Table 5.3: Number of times contacted HMRC for the following reasons (multiple responses allowed) .....	55
Table 5.4: Number of times contacted DWP for the following reasons (multiple responses allowed) .....	56
Table 5.5: Five main reasons for dissatisfaction HMRC and DWP (multiple response allowed) .....	60
Table 8.1: Sample breakdown .....	66
Table 8.2: Confidence intervals .....	69
Table 8.3: Sample breakdown .....	69



# Acknowledgements

This research was commissioned by the Department for Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) to IFF Research.

DWP, HMRC and IFF Research would like to thank all staff involved in this research. Particular thanks go to Nicola Woodward, Yuan-Huang Chow, Peter Myant and Jennifer Poyser at HMRC, and Tanya Saunders and Andy Brittan at DWP for their oversight of the project.

## Authors' credits

**Rowan Foster**, Director, IFF Research

**Lorna Adams**, Director, IFF Research

**Gill Stewart**, Associate Director, IFF Research

**Patricia Pinakova**, Research Manager, IFF Research

**Phil Newbold**, Research Executive, IFF Research

# Glossary of terms

**Advance Payments**<sup>5</sup> – Claimants can apply for advance payments when making a Universal Credit (UC) claim if they are facing financial hardship while waiting for their claim to be processed. Budgeting Advances are also available to help pay for emergency household costs. All advance payments received are paid back through deductions in UC Award.

**Award Review Pack** – Documents informing claimants that their tax credits award has ended and checking whether they were paid the right amount.

**Child Tax Credit (CTC)** - Paid to parents responsible for at least one dependant under the age of 16. Child Tax Credit is also available to parents responsible for dependants under the age of 20 so long as these children are in eligible education or training.

**Debt Transfer Letter** - Letter informing claimants that they have a TC overpayment and that it will either be collected from their UC award or any other means of recovery available to DWP if the claimant subsequently ceases to be entitled to UC.

**Housing Benefit (HB)** – Housing Benefit is a means tested benefit, paid to people with a low income who pay rent, regardless of whether they are in or out of work.

**Natural Migration** – The process of claimants transitioning from tax credits to Universal Credit once their circumstances changed (e.g. through a job loss, or a partner moving into or out of their home), making them eligible for UC in their area. Once claimants make a UC claim, their tax credits are stopped.

**Managed Migration** – A process by which all remaining claimants receiving the benefits that UC will replace, will migrate to Universal Credit (due to start in 2019). This process will be managed by the Department for Work and Pensions and Her Majesty's Revenue and Customs, rather than triggered by a change in recipient circumstances.

**Overpayments** – Occur when claimants receiving tax credits are paid too much, either because they did not update HMRC when their circumstances changed, or due to delays processing these updates. If a customer with a tax credit debt moves to Universal Credit, this debt will be transferred to their Universal Credit 'account' and the responsibility for recovering the debt then rests with the Department for Work and Pensions.

**Payment Gap** – A gap that occurs after making the first Universal Credit claim before Universal Credit payments start, usually lasting approximately six weeks.

**Tax credits (TC)** – Welfare support paid to provide extra income for workers, and those responsible for children on lower incomes encompassing both WTC and CTC.

**Universal Credit (UC)** – Universal Credit (UC) was first introduced in 2013 and is designed to replace six existing means-tested benefits and tax credits; housing benefit, Child Tax Credit, Income Support, Working Tax Credit, Income-based Job Seeker's

---

<sup>5</sup> [www.gov.uk/guidance/universal-credit-advances](http://www.gov.uk/guidance/universal-credit-advances)

## **The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

Allowance and Income-related Employment and Support Allowance. Implementation of Universal Credit has had two stages, known as Live Service and Full Service.

**Universal Credit Full Service** –The fully digital service was introduced in South London in November 2014 for new claimants and continues to be rolled out<sup>6</sup>. After this transition process has finished, all remaining existing benefit claimants will be migrated to the Universal Credit Full Service. Under this fully digitalised service, individuals are able to apply and subsequently manage their entire claim online. The ‘Test and Learn’ principle – making ongoing improvements based on evidence –underpin the development and evolution of the design of Universal Credit Full Service.

**Universal Credit Live Service**<sup>7</sup> – Universal Credit Live Service is available across all Jobcentre districts but to a limited client base. Additionally, the service is not fully digitalised, so while clients can make their initial claim online, they cannot manage their whole claim digitally and require support from Jobcentre Plus staff via other more ‘traditional’ means.

**Working Tax Credit (WTC)** – A national benefit paid to workers who are employed for a certain number of hours a week and have an income below a certain level. Also includes support for those who have childcare costs for children they are responsible for.

---

<sup>6</sup> <https://www.gov.uk/government/publications/universal-credit-transition-to-full-service>

<sup>7</sup> <https://www.gov.uk/guidance/universal-credit-full-service-and-live-service>

# Abbreviations

CATI	Computer Assisted Telephone Interviewing
CTC	Child Tax Credit
DWP	Department for Work and Pensions
HB	Housing Benefit
HMRC	Her Majesty's Revenue and Customs
IT	Information Technology
JCP	Jobcentre Plus
JSA	Jobseeker's Allowance
TC	Tax credits
UC	Universal Credit
UCFS	Universal Credit Full Service
WTC	Working Tax Credit

# Summary

## Aims of the project

As part of ongoing benefit reforms, Universal Credit (UC) is replacing six working age benefits, including Working Tax Credit (WTC) and Child Tax Credit (CTC)<sup>8</sup>. Claimants currently claiming tax credits (TC) will gradually move to the Universal Credit system and tax credits will be phased out.

The process of 'natural migration' is when the circumstances of claimants currently receiving tax credit change (e.g. through a job loss, or a partner moving into or out of their home), making them eligible for UC in their area. Once claimants make a UC claim, their tax credits are stopped.

A process of 'managed migration' is scheduled to begin in 2019, during which everyone receiving TC (or any of the other relevant working age benefits) will gradually move on to UC instead.

Sometimes, claimants receiving TC are paid too much, either because they did not update HMRC when their circumstances changed, or due to delays processing these updates. These overpayments are recovered by HMRC through deductions from the claimant's TC award or directly via a 'Time to Pay' arrangement between HMRC and the claimant.

As part of the transition to Universal Credit the recovery approach is changing. HMRC will transfer all stable tax credits overpayments to Department for Work and Pensions (DWP) for recovery from ongoing UC payments, or any other means available to DWP if the claimant subsequently ceases to be entitled to UC.

HMRC and DWP commissioned IFF Research, an independent research company, to explore the experiences of claimants as they stopped receiving TC and applied for UC as part of the 'natural migration' to UC, including experiences of the transfer of tax credits overpayments. The main aims of this research were to:

- Evaluate the experience of claimants as they move to UC;
- Identify any differences in experiences by different claimant groups;
- Identify areas for improvement to the current transition process (immediate, short term changes as well as long term improvements for managed migration);
- Gauge response to the transition process and particularly identify any areas that can help reduce the level of contact made to HMRC/DWP;
- Understand the experience of specific claimants who had TC overpayments.

---

<sup>8</sup> Other benefits replaced by UC are: Housing Benefit, Income Support, income-based Jobseeker's Allowance (JSA), income-related Employment and Support Allowance (ESA)

## Methodology

Two methodologies were utilised for this study: a large scale quantitative survey of former tax credit claimants to gather robust and generalisable data on the transition process overall, and qualitative face-to-face interviews to specifically explore the transition experience of those who had TC overpayments.

### Quantitative survey

This phase comprised 1,004 telephone interviews<sup>9</sup> with tax credit claimants who had moved to UC Full Service via *natural migration*, i.e. due to a change in their circumstances. Each interview lasted around 20 minutes and was completed by Computer Assisted Telephone Interviewing (CATI) between 27 March 2017 and 7 July 2017, with a break between 21 April and 18 June 2017 due to the 2017 General Election<sup>10</sup>.

All open-ended responses were fully coded and a simple non-response weight by gender was applied. Please refer to section 8.1.3 for further details on quantitative analysis and weighting.

### Qualitative interviews

Forty face-to-face interviews were conducted with former tax credits claimants, each lasting around an hour. Claimants interviewed had transitioned to UC since January 2016 (as a part of both Live and Full service) and had had a tax credits debt at the time of making their UC claim.

The research was split into two phases of 20 interviews each. Phase one interviews were conducted during October and November 2016, and phase two interviews between February and March 2017. The interviews were phased to allow exploration of claimants' experience in the event of multiple debts, as phase two claimants had had more than one debt transferred to UC. Interviews were carried out throughout London, Middlesex and Manchester.

## Key findings

The key findings from this research are summarised below:

- This research was undertaken with some of the first tax credits claimants moving to Universal Credit. The findings suggest that key elements of the process of making a UC claim are working, albeit with room for further improvement.

---

<sup>9</sup> Prior to this, 40 pilot interviews were carried out by telephone to ensure that the questions were clear, relevant and had the intended meaning.

<sup>10</sup> Responses pre-and-post election have been analysed and checked to evaluate the impact of the fieldwork break, however, little or no significant differences impacting on the overall findings have been found.

## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

- For example, nearly all those interviewed claimed online<sup>11</sup> (96%). Over half (57 per cent) of all claimants completed the claim online themselves. A fifth (20 per cent) claimed online but required help from friends or family, and a further fifth (19 per cent) were assisted at the Jobcentre by an adviser. Only 3 per cent made a claim by telephone, and 1 per cent could not remember.
- Two thirds (66 per cent) found arranging an interview at the Jobcentre and getting together all necessary documents easy.
- The majority (74 per cent) of claimants understood why they had to start claiming Universal Credit (UC) and knew what the rules and responsibilities were. Nearly two thirds (64 per cent) thought the conditions were explained well and that the entitlements were clearly explained (68 per cent). Although many contacted Her Majesty's Revenue and Customs (HMRC) and Department for Work and Pensions (DWP) during the claim process, the majority thought that the queries were handled well (66 per cent for DWP, 67 per cent for HMRC).
- Claimants who had sufficient information about the transition from tax credits to UC and were aware of the changes in payment structure were generally satisfied with the service during the transition. This was generally the case in the qualitative research also.
- The qualitative research found that participants were broadly comfortable with the *principle* of outstanding TC overpayments being recovered from UC payments. However, greater clarity and certainty around arrangements for recovery (repayment amount, frequency, and the start date of deductions) would reassure claimants and minimise information requests.

However, there were also improvements to be made:

- Awareness of UC was low prior to making a claim (45 per cent had never heard of it before they made a claim). Over half (56 per cent) of claimants felt that they received too little information from HMRC and wanted more.
- Three quarters (75 per cent) of those with TC overpayments said they discovered they had an overpayment after their UC claim had started.
- The qualitative research, which focused solely on those who had a tax credit overpayment, found that typically these claimants *did* know they had a tax credit overpayment, but few understood that this overpayment would be recovered via deductions from their UC award.
- Over half (57 per cent) of claimants were aware that their tax credits would stop when they claimed UC. The qualitative research found that sometimes claimants were unclear about why their tax credit claim had closed, which suggests the need for strong messaging ahead of the managed migration, about what tax credit claimants should expect, by when, and why.

---

<sup>11</sup> This is assuming that when claimants say they completed their claim "at the Jobcentre with an advisor", that this would have been online.



## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

- Over half (59 per cent) reported that they knew when their first UC payment would arrive, and around half (52 per cent) said it was the amount they were expecting. Awareness of payment arrangements and schedules could therefore be increased.
- Less than half (42 per cent) of claimants were aware that there would be a gap in payments.
- We asked to what extent claimants were experiencing financial difficulties, and when these difficulties had started. A fifth (21 per cent) said they were keeping up with all bills and commitments with no difficulty, and a further quarter (27 per cent) said they were keeping up but it could be a struggle. Over a third (38 per cent) were 'having financial difficulties' – classified as those falling behind with some, or many, bills and commitments. Among this group, around six in ten (62 per cent) said their difficulties started in the same month or after they began claiming Universal Credit. Nearly four in ten (38 per cent) said their financial difficulties had begun prior to the date that they signed their Claimant Commitment.
- Overall, there was a lack of awareness and a perceived lack of clear information about UC and the transfer process. Lack of clear information was one of the main reasons for dissatisfaction with the service (34 per cent) and those unaware of changes such as TC stopping were more likely to contact both HMRC and DWP (57 per cent of those unaware vs. 48 per cent of those aware).
- The qualitative research found that claimants' opinion of, and reaction to, key communications sent by DWP and HMRC were very mixed. Some reported having no problems (though not many could recall the specifics of the letters), some felt the letters lacked specific information such as a UC start date, and some found the letters overwhelming and 'full of jargon'. Communication therefore should include: digestible bullet points, simple language, and sign-posting to other concurrent/subsequent communications that people might receive.
- The majority of claimants contacted HMRC or DWP during their application process (87 per cent), with around half (52 per cent) contacting both departments.
- The qualitative research suggested that some of the most common reasons that claimants contacted HMRC and DWP was to gain specific information such as when their UC payments would start and how much they would be paid. Other reasons included wanting more information on their overpayment and why they have it. Providing more information to claimants up front about this should therefore help to reduce contact.
- Claimants who were unaware of UC or the associated changes, and those who contacted HMRC and/or DWP multiple times, were also much more likely to be dissatisfied with the transition experience overall (54 per cent of those unaware that TC would stop were dissatisfied compared to 33 per cent of those aware of the change; 45 per cent of those who contacted one of departments were dissatisfied compared to 23 per cent of those who did not make any contact;).

## Implications from the research

Recommendations to improve claimant experience of the process and reduce the level of contact with HMRC and DWP:

- Provide regular, plain English information bulletins<sup>12</sup> before and during the transition process (that stand out from regular tax credits communication), specifically covering:
  - What the transition process entails and why claimants need to make a claim to UC (for those transitioning during natural transition);
  - What the UC conditions, entitlements and exclusions are;
  - When to expect the final TC and first UC payment;
  - Advance payments and other help available to manage the payment gap;
  - What overpayments are, how they can arise, and how deductions will be collected, including when and how much.
- Create a single, integrated guidance service such as a website, telephone helpline and webchat service, to help claimants with any aspect of the transition process (be it tax credits ending, or starting UC payments, etc.) so there is no need for claimants to choose which department to contact (and potentially get this wrong or contact both).

---

<sup>12</sup> While there can be an assumption that important documents will come in a paper format, there is no evidence in this research that these would *have* to be paper communications – if there was a way of effectively communicating digitally with all customers this may work too.

# 1 Introduction

## Chapter overview

This report describes the experiences of former tax credits claimants as they apply for Universal Credit and stop receiving tax credits. The research was conducted by IFF Research during 2016 and 2017. The research includes both a quantitative and a qualitative element.

## 1.1 Background

As part of ongoing benefit reforms, Universal Credit (UC) is replacing six working age benefits, including tax credits (TC) comprised of Working Tax Credit (WTC) and Child Tax Credit (CTC). As part of this reform, those currently claiming tax credits (TC) will gradually move to the Universal Credit system and tax credits will be phased out.

The process of transitioning claimants from tax credits to UC began with claimants whose circumstances changed making them eligible for UC in their area (e.g. a job loss or a partner moving into their home). Once claimants make a UC claim, they are no longer entitled to tax credits.

This gradual transition from tax credits to UC (called natural migration because the change was triggered by claimants' circumstances) will continue until a later point, after which, everyone receiving TC must make a claim to UC instead. This process is referred to as 'managed migration', as it will be managed by Her Majesty's Revenue and Customs (HMRC) and Department for Work and Pensions (DWP), rather than triggered by a change in recipient circumstances.

### **Tax credits overpayments and recovery from Universal Credit**

Some people might have an 'overpayment' on their tax credits award because they were paid too much while receiving tax credits. This may have been because they did not update HMRC when their circumstances changed, or due to delays processing these updates. More information on overpayments can be found on GOV.UK.<sup>13</sup>

When an overpayment occurs, this means that the claimant owes money to HMRC. HMRC will recoup the debt by deducting money from claimants' tax credit payments, or other means, such as putting repayment plans in place. If a claimant with a tax credit debt then moves to UC, this debt will be transferred to their UC account, and the responsibility for recovering the debt then rests with DWP.

It is possible too that the move from tax credits to UC could create a tax credit overpayment. This is because when a tax credit claimant makes a new claim for Universal

---

<sup>13</sup> <https://www.gov.uk/government/publications/tax-credits-debt-in-universal-credit/tax-credits-debt-in-universal-credit--2>, <https://www.gov.uk/tax-credits-overpayments/universal-credit>

## **The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

Credit, for example, when they lose their job, their tax credits award continues. HMRC will continue to make tax credits payments until the Universal Credit claim is verified and they receive a stop notice from DWP. Therefore some additional tax credits payments may be made before the stop notice is received.

### **Multiple tax credits overpayments**

It is possible for a claimant to have more than one overpayment on their tax credits award, because these debts are calculated and finalised on an annual basis. Therefore, someone could have a debt that was finalised in 2014/15, another one that was finalised in 2015/16, and another from 2016/17. When this claimant starts to claim UC instead of tax credits, all of these separate tax credits debts will be transferred across to their UC claim. Where possible they will be transferred at the same time, but this may not always happen.

However, it is important to note that only 'stable' debts are transferred to UC in the first instance. Stable debts are debts that have been finalised. They are not the subject of a dispute, or any previous dispute that has been settled and will not be altered. HMRC will transfer stable debt to UC at the start of the UC claim. Any other overpayments will be transferred as and when they are finalised. This leads to multiple communications about overpayments and recovery between claimants, DWP and HMRC.

### **Universal Credit deductions for debts from multiple sources**

A claimant may have overpayments other than from their tax credits award. For example, they may also have been over paid other benefits.

When a claimant moves to UC, all overpayments and debts from all sources (except the unstable TC debts) will be transferred to their UC claim (unless they have alternative arrangements in place to pay these back). These debts will be recovered from their UC claim in priority order rather than concurrently to ensure – particularly for those with several debts – that they still receive UC payments sufficient to live on. This means that even if a claimant has had several tax credits overpayments moved to their UC award, deductions from this award may not be tax credits related, as other debts may be recovered first.

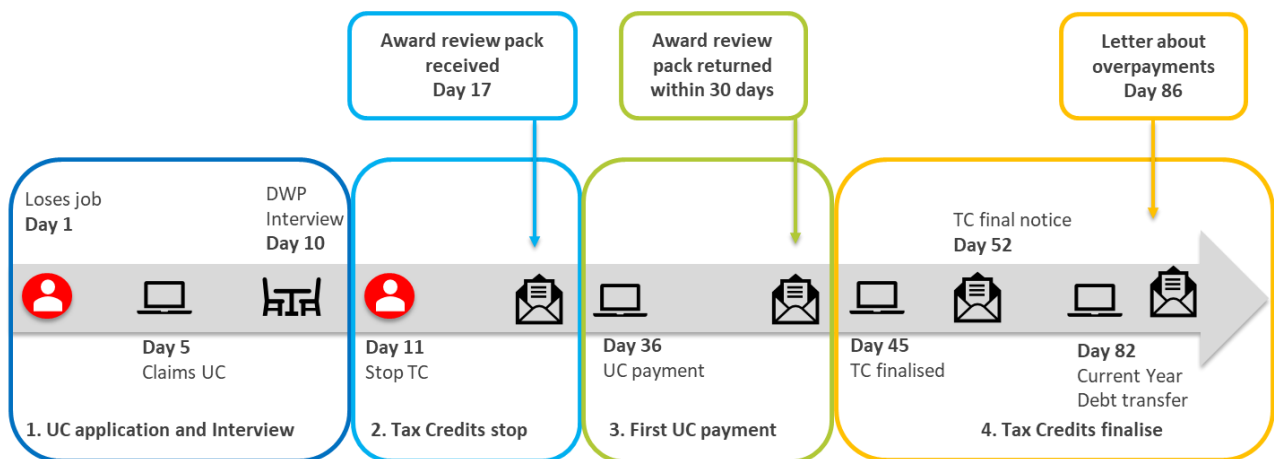
A key focus of the qualitative research was exploring awareness and understanding of the process of transferring overpayments, particularly what would happen to tax credits overpayments after the move to UC.

## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

The following (illustrative) diagram outlines the key stages of a possible transition from TC to UC following a claimant's job loss, and the communications that most claimants would receive during the change.

Please note the diagram is an example only, and different claimants may experience slightly different timescales.

**Figure 1.1: Illustrative journey from tax credits to Universal Credit (following a job loss), showing key communications received<sup>14</sup>**



Stages on the diagram are as follows:

- Day 1: TC claimant loses job and attempts to claim JSA or other relevant benefits. They are informed (by Jobcentre Plus, or online) they now need to claim UC instead.
- Day 5: Applies for UC online. *NOTE: the diagram is one example only, and the claimant may claim UC before or after day 5.*
- Day 10: An interview with DWP is needed to finalise the UC claim.
- Day 11: As a result of their UC claim, TC award stops.
- Day 17: Person receives TC Award Review Pack. This is a statement designed to 'finalise' their tax credits entitlement. It summarises the claimants' tax credits payments since the previous April, their personal circumstances, and it *may* include a declaration that they need to fill in and return to HMRC. These details are then used to calculate whether claimants have been paid the correct amount of TC, **during the current year**. If their circumstances are very simple they may not need to return any forms, but simply check that the information given in the pack is correct. If they need to return anything, it should be returned within 30 days. Note that at this point (e.g. day 17), any stable tax credit debts from **previous** years is

<sup>14</sup> Please note the claimants in the survey sample transitioned to Universal Credit Full Service between July and November 2016, and were interviewed between March 2017 and July 2017. Some stages of the journey such as the payment gap have since been changed (see [www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017#public-services](http://www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017#public-services) (section 7) and [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/648800/universal-credit-payment-timeliness-statistical-ad-hoc.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/648800/universal-credit-payment-timeliness-statistical-ad-hoc.pdf))

automatically passed to DWP and the claimant will be notified of any debts being transferred.

- Day 36: First UC payment received (this can arrive 4-8 weeks after TC payment stops).
- Day 45: After receipt of any Award Review Pack, the person's final tax credits 'balance' is finalised at HMRC.
- Day 52: Person receives the official decision of their 'finalised' tax credits entitlement for the part-year and any resulting overpayment. They have 30 days to appeal if they think the decision is incorrect. Additionally, they may dispute the recovery of the overpayment if they do not believe it should be recovered.
- Day 82: If no dispute is received, the finalised current year (CY) TC debt amount is transferred over to DWP, to collect via Universal Credit deductions (or through direct debit payments)
- Day 86: Once this debt has been transferred, the claimant receives a 'letter about overpayments' explaining that their tax credits overpayment amount has been transferred to DWP, and that this will be collected from their Universal Credit award (though other methods of collection are possible).

## **1.2 Research aims**

This report summarises findings from qualitative and quantitative research about the transition from tax credits to Universal Credit including experiences from the transfer of tax credits overpayments. The overall aims of this research were to:

- Evaluate the experience of claimants as they move to UC;
- Identify major areas for improvement;
- Provide robust evidence of the overall transition experience;
- Evaluate claimants' responses to the service;

The main aims of the quantitative research were to:

- Evaluate awareness and understanding of UC;
- Evaluate awareness and understanding of the implications on claimants' tax credits claim;
- Understand the reaction to any communications received;
- Evaluate awareness and understanding of key aspects of the transition process and UC generally;
- Identify reasons for any contact with DWP and HMRC by claimants/complain.

The qualitative research focused on:

- Evaluating prior awareness and understanding of any overpayments transferred;
- Understanding how customers responded to changes in the overpayments collection process;
- Awareness and understanding of the Debt transfer letter;

## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

- Claimants' experience of debt deductions from their UC award and identify any differences in experiences by different claimant groups;
- Identifying reasons for any contact with DWP and HMRC by claimants/complain.

### 1.3 Methodology

A variety of claimants at different stages of their claim were interviewed during both the quantitative and qualitative stages of the research, see the full sample breakdown in figure 1.3 below.

**Figure 1.2: Overview of the transition from tax credits to UC research**

	Timings	Number of claimants	Stage of claim	Type of service
Qualitative interviews	Stage 1 October - November 2016	20	0-5 months since claim	9 Live Service 31 Full Service
	Stage 2 February – March 2017	20	2-9 months since claim	
Quantitative interviews	Stage 1 27 March and 20 April 2017	578	3-10 months since claim	1004: Full service
	Stage 2 19 June and 7 July 2017	426	5-12 months since claim	

#### 1.3.1 Quantitative survey

The aim of the quantitative survey was to evaluate the experience of tax credits claimants (as they transitioned to Universal Credit Full Service between July and November 2016) to provide robust and generalisable findings.

The quantitative fieldwork was conducted between 27 March and 20 April 2017 and between 19 June and 7 July 2017 (the gap in the middle was due to the 2017 General Election). In total 1004 Full Service claimants took part.

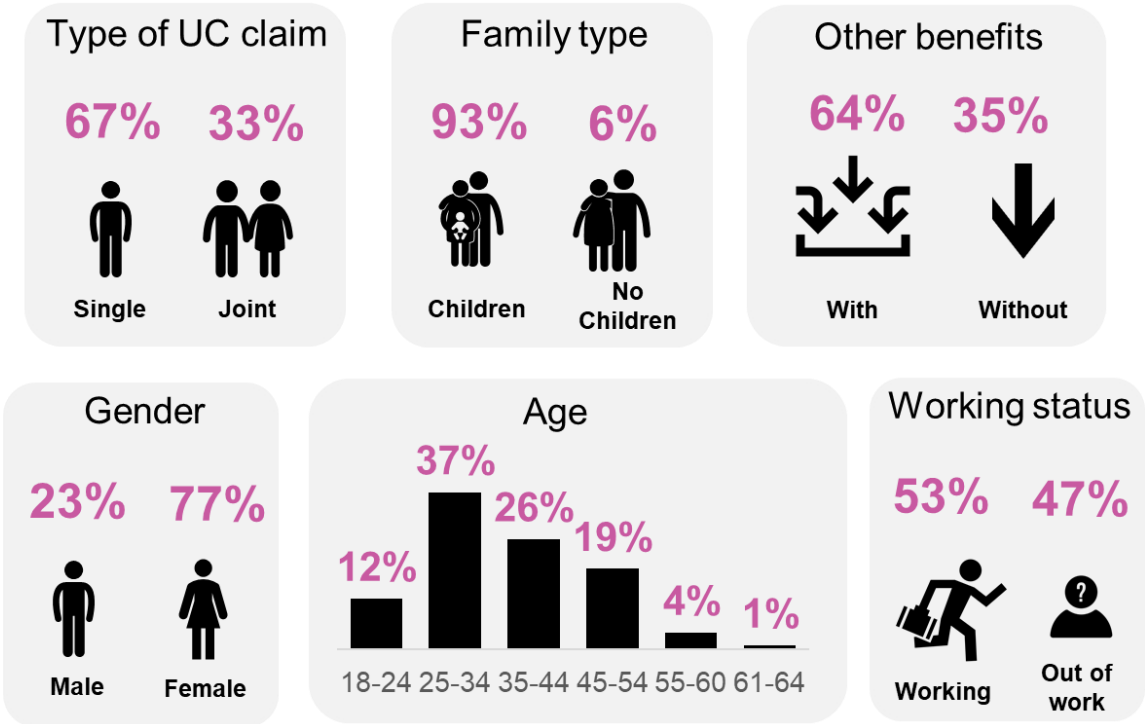
Where the words 'significant' or 'significantly' appear in the report, they are used strictly in the statistical sense, i.e. where the difference between two figures is statistically significant based on 95 per cent confidence level, which means we can be 95 per cent sure that the difference noted is 'real' rather than due to chance.

'Don't know' or 'prefer not to say' responses have not been included in some tables and figures for simplicity, as the proportions were often negligible and did not add to the overall narrative. Consequently, not all figures will necessarily sum to a total of 100 per cent. Also, figures may not add to a total of 100 per cent if it was possible to give more than one answer to the question. Where all responses have been included, figures may not sum to exactly 100 per cent due to rounding.

Figure 1.4 below outlines the profile of claimants completing the survey as well as the

starting sample, a more detailed claimant profile can be found in section 8.1.3 of this report.

Figure 1.3: Quantitative sample breakdown



IFF Research were also commissioned by DWP to undertake the Universal Credit Full Service Survey (Research Report 958, June 2018<sup>15</sup>) aiming to establish whether and how Universal Credit Full Service is changing claimant behaviours and labour market engagement. Certain questions and key measures were kept consistent to allow benchmarking and comparison with the Transition from tax credits to Universal Credit research. Where relevant, comparisons have been made throughout this report.

### 1.3.2 Qualitative interviews

The aim of the qualitative research was to focus on the experience of tax credits claimants with prior overpayments, and the transfer of their tax credits debts to Universal Credit. A total of 40 face-to-face qualitative interviews with claimants with tax credits overpayments were conducted in two phases: phase one between October 2016 and November 2016 and phase two between February and March 2017. The interviews were phased to allow exploration of claimant experience in the event of multiple debts, as phase two claimants had had more than one debt transferred to UC.

<sup>15</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/714842/universal-credit-full-service-claimant-survey.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf)



## **The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

The qualitative element of the research is intended to understand individuals' circumstances and behaviour in depth and detail, rather than to be 'representative' or measure the incidence of these behaviours. Results therefore give an indication of the reasons for opinions, or the circumstances surrounding them.

Qualitative research allows us to explore the experiences of individual claimants in rich detail and provide genuine examples and stories. Findings cannot be taken as representative of the claimant population, they are simply a detailed and useful window into the lived experience of these particular claimants; the use of words such as 'most', 'many', 'some', and 'few' are illustrative of the data collected in this research only.

Please refer to section 8 for more detail on both quantitative and qualitative approaches.

## 2 Making the claim to Universal Credit

### Chapter overview

This chapter provides an overview of the process of making a claim to Universal Credit (UC). It focuses on overall awareness and understanding of UC as well as the specific elements of the process and understanding of conditions and entitlements.

### 2.1 Summary of making a claim to Universal Credit

This report concerns people who moved to UC through ‘natural transition’, becoming eligible for UC because of a change of circumstances (e.g. they lost their job, or a partner moved into their home).

Following a change in circumstances, claimants were no longer eligible for tax credits and needed to claim UC instead. A summary of this claims process is given below:

- A tax credit (TC) claimant becomes aware they need to claim Universal Credit (this chapter explores at what point claimants become aware of this);
- The claimant applies for UC online - some receive help with this from friends, family or at the Jobcentre;
- Once the online form is completed their tax credits stop, the claimant is instructed to call the Jobcentre to arrange a face to face appointment, and to gather together certain identifying documents to take with them;
- The claimant also needs to take some steps to verify their identity online ahead of the appointment;
- The claimant has a face to face interview at the job centre, in which their identity is verified and their circumstances are discussed to decide which UC ‘group’ they should be placed in;
- Once this process is finalised at the Jobcentre, their Universal Credit payments aim to start 4-8 weeks later.

This chapter discusses how claimants found this process, in terms of their awareness of UC, their understanding of the process, and how easy or difficult they found each different element.

A point to note here, and which will be mentioned at relevant points throughout the report, is that certain groups of people were likely to have lower levels of awareness and understanding of, or satisfaction with, the process of changing from TC to UC. These groups were also often more likely to have contacted Her Majesty’s Revenue and Customs (HMRC)/Department for Work and Pensions (DWP).

## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

These groups are shown in Figure 2.1 below (though it should be noted that not all groups struggled with awareness, understanding and satisfaction).

**Figure 2.1: Groups that are most likely to show lower levels of awareness, understanding and/or satisfaction<sup>16</sup>**



However, it should be noted that, while we can say that these groups are *associated* with lower levels of awareness, understanding, and satisfaction, it is not possible to say to what extent these aspects actually cause, or contribute to, this lower awareness or understanding.

There may also be some overlap between these groups. For instance, it was more likely that those with a health condition in our sample were also not working. It is not possible to establish which of these aspects is driving the lower levels of satisfaction. Further regression analysis may be able to identify which attributes, or which experiences during the transition, contributed to higher/lower levels of understanding or satisfaction.

---

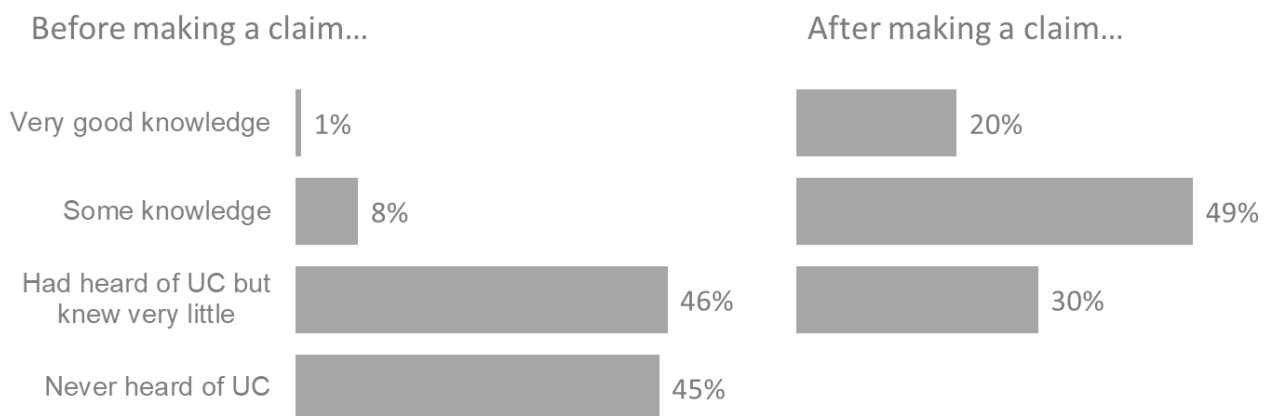
<sup>16</sup> Single claimants are those who submitted UC as a single person, i.e. not on behalf of a couple. Those with a health condition are those respondents that reported have any physical or mental health conditions or illnesses lasting or expected to last for 12 months or more

## 2.2 Awareness and understanding of Universal Credit

Before claimants made a claim to Universal Credit, levels of knowledge about the new benefit were low. Just under half (46 per cent) of claimants said they ‘had heard of UC but knew very little about it’ whereas 45 per cent of claimants said they had never heard of UC.

As may be expected, understanding of UC improved after making a claim: 49 per cent reported having ‘some knowledge’ and 20 per cent ‘good knowledge’. However, almost a third (30 per cent) still felt that, even after claiming, they ‘knew very little’. These results are shown in figure 2.2 below.

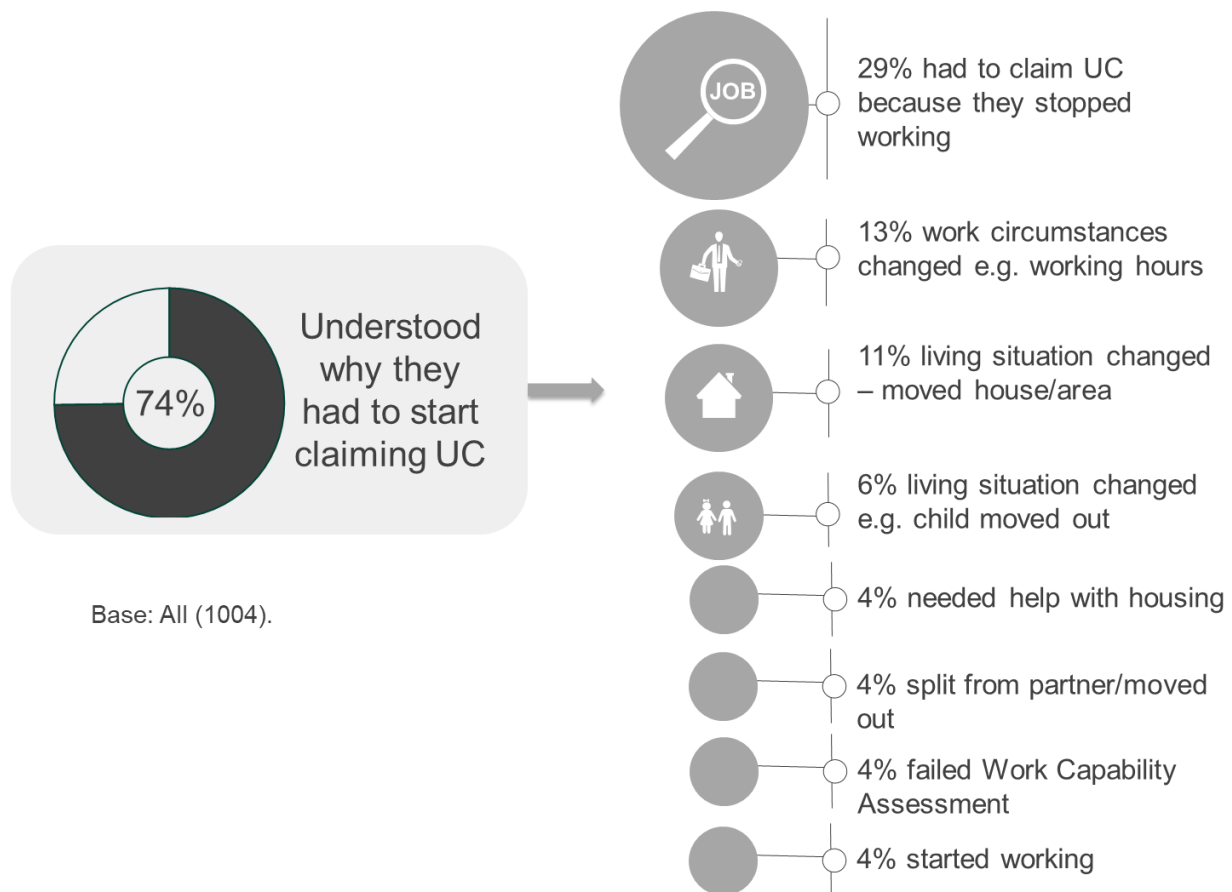
**Figure 2.2: Awareness of Universal Credit before and after making a claim**



Base: All customers (1004)

When claimants were asked why they thought they needed to claim UC, around three quarters (74 per cent) gave reasons that were correct in terms of what would, during natural transition, create a move from tax credits (TC) to UC. Twenty-nine per cent said they moved to UC because they stopped working, 13 per cent because their working hours had changed and 11 per cent because they had moved to a different area. It should be noted, however, that a quarter of UC claimants did not know why they had started claiming UC. The full results are shown in figure 2.3 below.

Figure 2.3: Claimant reported reasons for moving to UC (multiple responses allowed)



Two groups were less likely to understand why they had started to claim UC - those who spoke English as a second language (65 per cent understood why they started claiming UC compared to 76 per cent with English as their first language) and those who had only previously claimed Child Tax Credits (76 per cent understood, compared to those who had previously claimed Working Tax Credits alone 88 per cent).

This was echoed in the qualitative interviews; those who had a better understanding of the transition were generally those whose move to UC had been triggered by a job loss (i.e. they had been previously claiming WTC). Those in the qualitative research who were particularly confused about the transfer tended to be those whose change in circumstances was something other than a job loss, e.g. a partner moving in or out.

During discussions in the qualitative research, the claimants who had lost their job explained that they knew their WTC would stop and that they would have to claim JSA instead (and when they tried to, they were told about claiming UC instead). Claimants whose transition to UC was caused by a partner moving in or out did not expect their tax credits to stop, and did not expect to have to claim a different benefit. The latter claimants were generally more perturbed by the transition because they did not know why their payments had stopped or what they should do next. This could suggest that if the journey from tax credits to UC is one that appears to intuitively 'make sense' from a benefits point of view, then claimants may understand the process better. In the event of a job loss, the journey from WTC to UC feels more intuitive than, for example, after a partner moving out.

## 2.3 Making a claim online

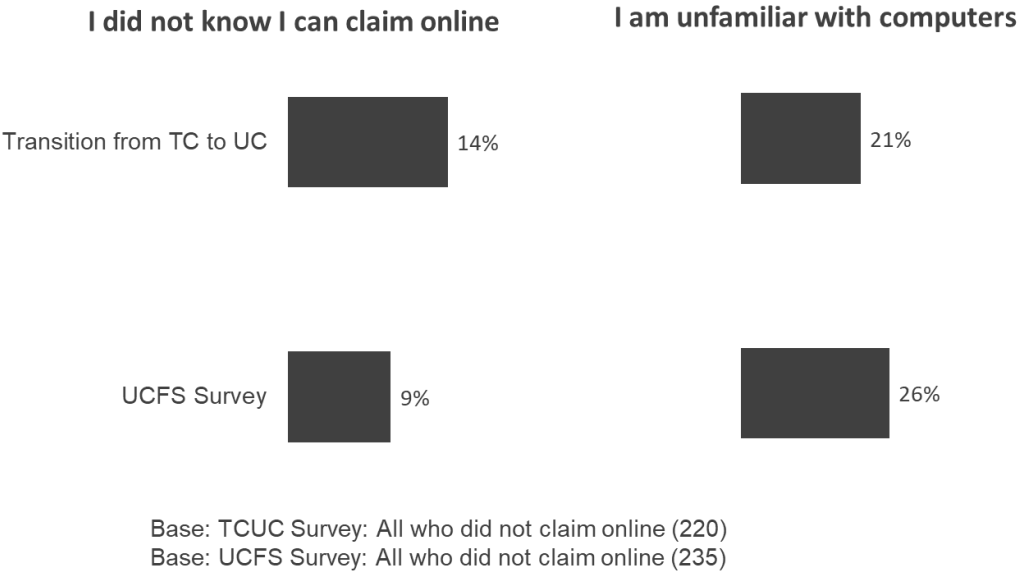
The UC system is designed to be administrated predominantly online, including the application process. It is therefore important that individuals can complete the application online on their own: ideally, claimants would not need assistance from DWP.

Most survey participants reported that they were able to make their UC claim online (77 per cent<sup>17</sup>). Over half (57 per cent) of all claimants interviewed completed the claim themselves, whilst a one in five (20 per cent) required help from someone else such as their partner, friend or relative. A further 19 per cent<sup>18</sup> reported applying with help from an advisor at the Jobcentre. If it is assumed that the advisor would have assisted with an online claim, then the proportion of those claiming online overall is 96%.

Claimants’ main reasons for not completing their application online were a lack of familiarity using computers (21 per cent) and a lack of access to computers or the internet (11 per cent).

Compared to figures for the survey of all UCFS claimants, it is interesting that more of the claimants that had moved over from tax credits (5 per cent) did not know that they could apply online, as shown in figure 2.4 below. However, claimants from the tax credits survey were more familiar with computers than UCFS claimants (26 per cent compared with 21 per cent).

**Figure 2.4: Top two reasons for not making the UC claim online**



### 2.3.1 Specific elements of the UC claim

The survey also explored how easy or difficult claimants found certain key elements of the claims process in order to understand which areas, if any, could be improved. The

<sup>17</sup> In line with UCFS survey (74 per cent). Base: All respondents (1014). Source: IFF Research

<sup>18</sup> In line with UCFS survey (17 per cent). Base: All who received help to claim UC online (210). Source: IFF Research

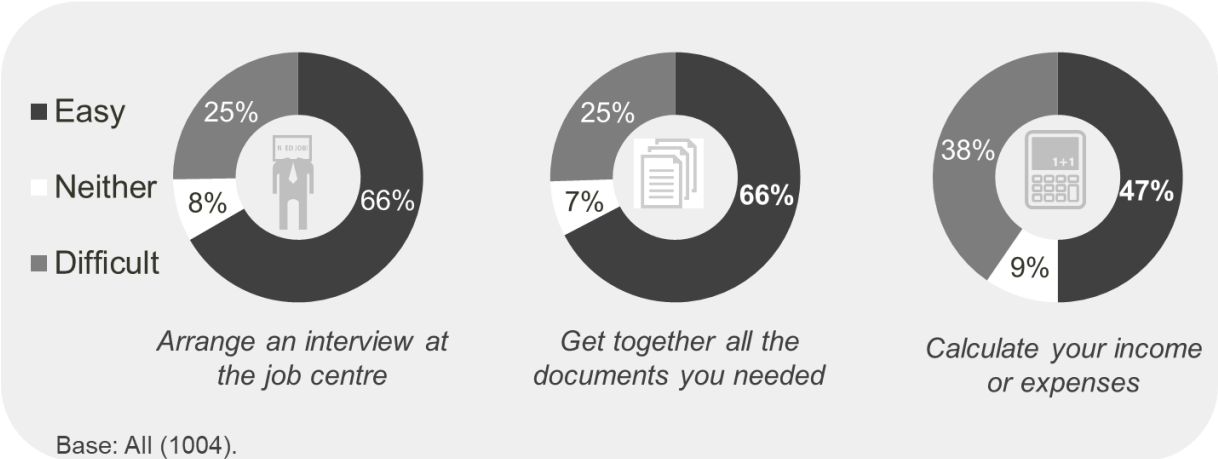
**The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

question focused on three key elements: arranging an interview at the Jobcentre, getting together the necessary documents, and calculating their income and expenses.

Two thirds of claimants said they found it 'easy' to 'arrange an interview at the Jobcentre' (66 per cent) and to 'get together the necessary documents' (66 per cent). Nevertheless, while this is positive it should be noted that a quarter of all claimants found one or both of these elements 'difficult'.

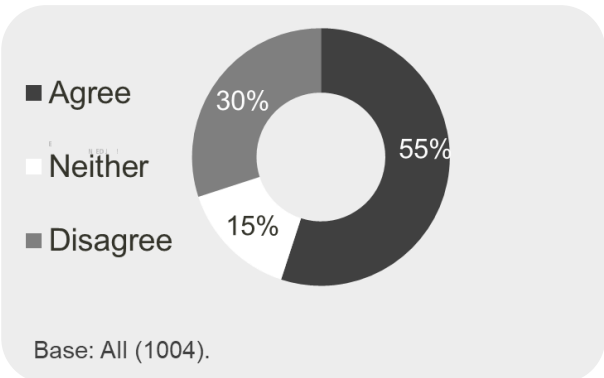
When going through the claims process claimants were least likely to find it easy to calculate their income and expenses, with just under half (47 per cent) finding this process 'easy', and over a third (38 per cent) finding this 'difficult'. These results are shown in figure 2.5.

**Figure 2.5: Claimants experiences with various aspects of the claim process**



While the results above suggest that substantial proportions of claimants found these aspects of the claims process 'easy', it should be noted that over half of claimants (55 per cent) agreed that they needed more support setting up their Universal Credit claim overall. This is shown in figure 2.6 below.

**Figure 2.6: Claimants needing more support with their UC claim**



Older claimants in particular were more likely to agree that they needed additional help. Sixty-two per cent of claimants between 45 and 60 wanted more support, compared to 48 per cent of those aged under 25.

### 2.3.2 Awareness of fundamental conditions of UC

When making a claim to UC the claimant is told about the general conditions of their UC award i.e. what they must do to remain eligible for the benefit. The conditions include things like informing DWP about certain changes in their circumstances in a timely fashion and through specific channels. In addition, if the claimant is expected to look for work or engage in work related activities under their UC claim, they will be assigned a 'work coach' who will provide support in this area.

All claimants must agree to a 'Claimant Commitment' which sets out these conditions and is tailored to their own situation. The required activities might include writing a CV, looking for jobs, going on training courses or paying rent/other housing costs.

To understand whether the claimant commitment and general UC conditions are clear and being communicated in an effective way to claimants, the survey asked whether participants remembered the conditions of their UC claim. It asked whether claimants remembered accepting their commitment and whether they knew what changes in circumstances they had to report, and how.

When it came to having the conditions explained to them, two thirds (64 per cent) of claimants felt that the conditions of UC were explained well, leaving a third (35 per cent) disagreeing that they were well explained.

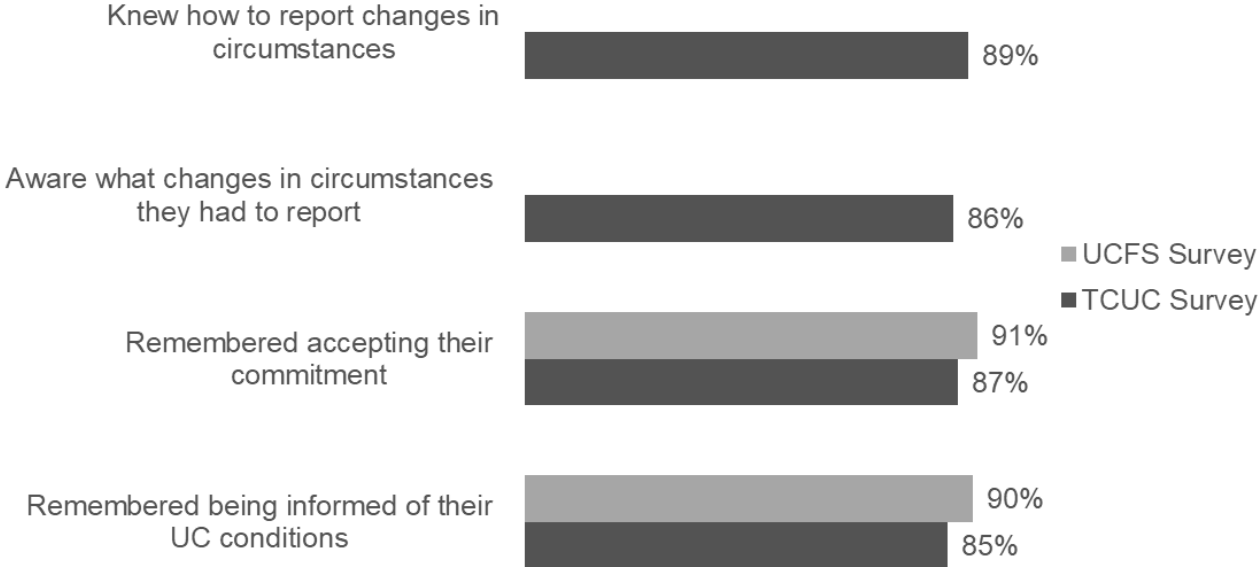
Nevertheless, findings suggest that the fundamental elements of UC are remembered and understood by most claimants. High proportions of claimants agreed that they remembered being informed of their UC conditions (85 per cent), agreed that they remembered accepting their commitment (87 per cent), agreed that they were aware what changes in circumstances they had to report (86 per cent) and agreed that they knew how to report these changes (89 per cent).

It is important to note, however, that around one in ten claimants do not remember these fundamental conditions of their claim or do not know how to report changes in circumstances. Failure to report changes in circumstances can lead to the loss of benefit through sanctioning.

These findings are very similar and not statistically significantly different to results from the survey of all UCFS claimants. As shown in figure 2.6, 91 per cent of UCFS claimants remembered accepting their commitment and 90 per cent remember being informed of their UC conditions.



Figure 2.7: Awareness of conditions of UC claim



Base: TCUC: All respondents (1004)  
UCFS: All respondents (1014).

### 2.3.3 Awareness of other entitlements included within a UC claim

Claimants were also asked whether they understood what other entitlements were included in their UC claim: specifically, childcare costs and housing costs. Regarding childcare costs, it is possible for claimants to claim back up to 85 per cent of these costs if they (and their partner, if they have one) are working<sup>19</sup>.

The money that claimants receive for their UC award includes any housing costs they are entitled to, as they no longer receive a separate Housing Benefit. The claimant is therefore responsible for using their award to manage all of their payments including their rent, which will be a departure for the majority of social housing tenants who are used to their housing benefit being paid directly to their landlord to cover their rent.

The results here pointed to some uncertainty about these arrangements. Around a third (30 per cent) of claimants who had claimed housing benefit prior to UC were unaware that their UC award included the money they needed to pay their rent with.

This proportion was higher amongst those who did not speak English as their first language (39 per cent) and those with health conditions (39 per cent).

In addition, a little under a half (44 per cent) of those claimants who included children in their claim were unaware that they could claim back childcare costs. This is lower than the

<sup>19</sup> More details can be found here: <https://www.gov.uk/help-with-childcare-costs/universal-credit>

findings from the UCFS survey, which found that 58 per cent of those with children included in their claim were aware that it is possible to claim back childcare costs through UC as outlined in table 2.1 below.<sup>20</sup>

**Table 2.1: Awareness of housing and child costs**

	All respondents (TCUC Survey)	All that have children included in claim (UCFS Survey)
	%	
<b>Childcare costs</b>		
Included children in their claim	93	-
Aware that if using formal childcare, and working, they can claim back some of the costs under UC	55	58
<b>Housing costs</b>		
Claiming housing benefit before UC	57	-
Aware that housing costs need to be included in the Universal Credit claim	68	-
Base	1004	415

<sup>20</sup> UCFS Survey – All that have children included in claim (415)

## 3 Closing the tax credits claim

### Chapter overview

This chapter provides an overview of the process of closing a tax credits claim. It also focuses on awareness of tax credits stopping and tax credits overpayments.

### 3.1 Summary of closing the claim

The process of closing a tax credits claim as a result of an application to Universal Credit (UC) involves a claimant's tax credits payments stopping, and their claim being finalised. A more detailed breakdown of this process can be found in the introduction to this report. The section below focuses on the communications with the claimant provided by Her Majesty's Revenue and Customs (HMRC), to support the closing of the tax credits (TC) claim.

#### Finalising the tax credits claim

Finalising the claim involves taking into account the claimant's income, benefit payments and circumstances over the last year, and assessing whether they were paid the correct amount under their tax credits claim.

To assess whether they were paid the right amount of tax credits the claimant is sent an Award Review Pack, which is a statement summarising their tax credits payments and their personal circumstances since the previous April.

There are two kinds of Award Review Pack. One version just needs to be checked by the claimant with no further response required unless information is incorrect (this type of pack is common if their circumstances are simple). Another version contains a form which needs to be filled in and returned (more common if their circumstances have been complex or changeable).

#### Tax credits overpayments

If the claimant was paid too much during their final year of receiving tax credits – either because they did not update HMRC when their circumstances changed or due to delays processing these updates – then they are said to have been overpaid. This debt, once finalised, will then be transferred to Department for Work and Pensions (DWP) to be collected via deductions from UC (covered in section 4.1.4).

Once HMRC has received the necessary information from the claimant the award is finalised. If any overpayments are still owing, the claimant is sent a letter entitled 'About Overpayments' which sets out the amount of debt owing from their tax credits award, and explains that this will be collected from their UC award. The letter informs that no action is required but also offers a web link where the claimant can pay off some or all of the debt at that point, if they choose to.

This section of the report explores how much claimants understand this process, i.e. whether they are aware in advance that their tax credits payments will stop and whether they recall the Award Review Pack, understand what it is for, and check or return it appropriately. In addition, for those with any overpayments it asks whether they recall and understand the letter about overpayments.

## **3.2 Awareness of tax credits stopping**

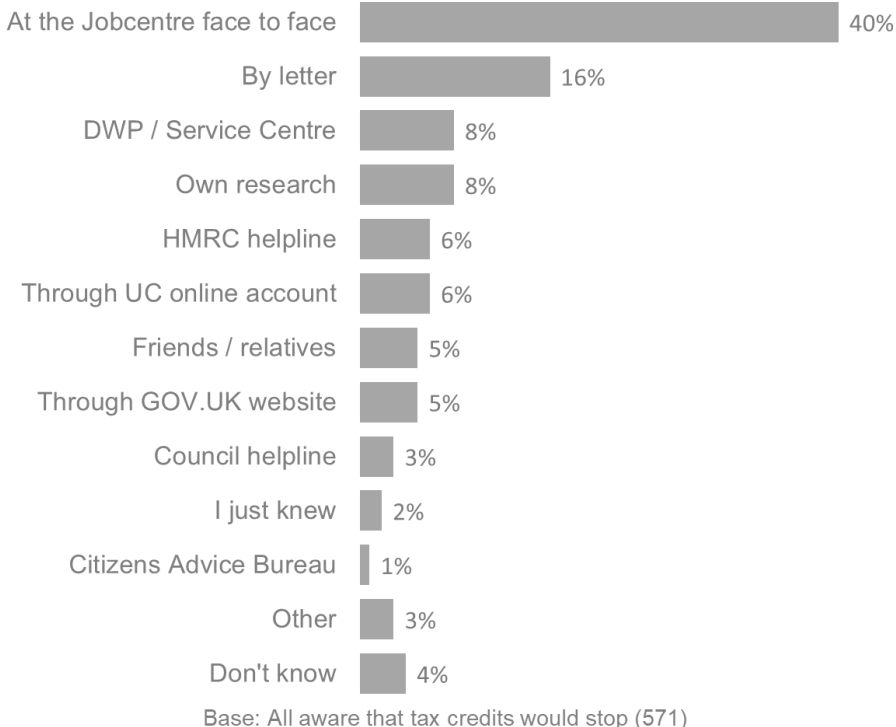
As soon as tax credits stop, claimants receive a letter explaining that this is because they are now claiming UC. Whilst just over half of tax credits claimants (57 per cent) were aware that their tax credits would stop once their UC award started, two fifths (41 per cent) were not aware that this would happen.

The groups least likely to know in advance that their tax credits would stop were those with health conditions and those not in work. As discussed in section 2.1, these were the groups that commonly had lower levels of awareness and understanding about the transition from TC to UC overall.

Looking at those with a health condition, 52 per cent were aware that their tax credits would stop compared to 60 per cent of those without a health condition. Working claimants were more likely to be aware that their tax credits payments would stop (64 per cent) compared to those that were not working (50 per cent).

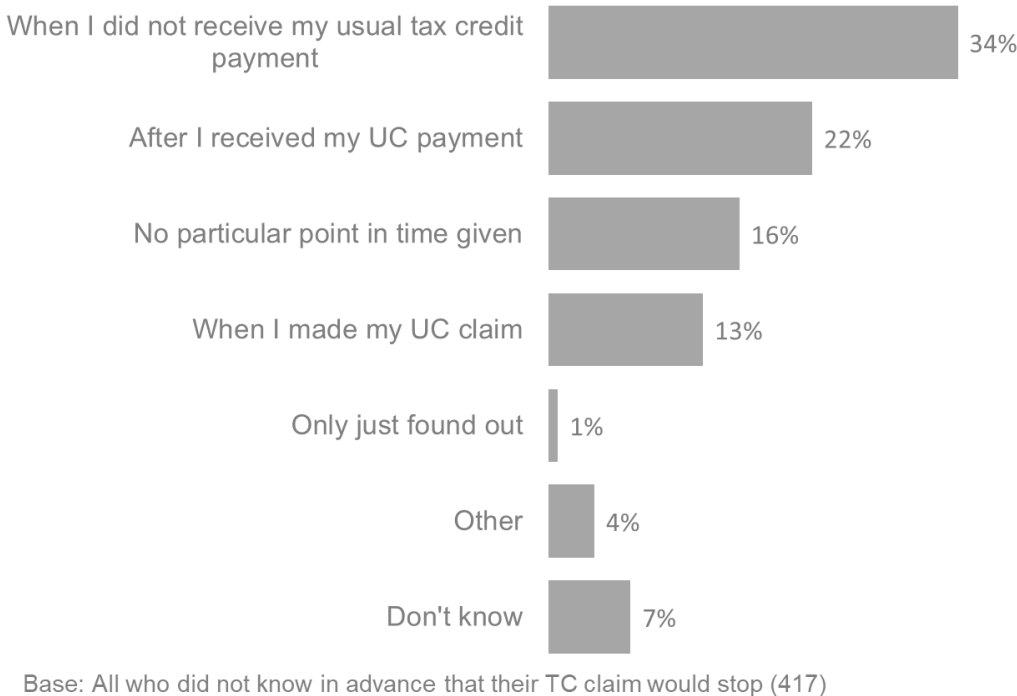
Claimants who *were* aware in advance that their tax credits would stop once their UC claim started were asked in the survey how they found out about this. The largest proportion became aware through face to face contact with Jobcentre Plus (40 per cent). The other main route of information was a 'letter' although this was much less common at 16 per cent. Smaller proportions said they became aware through a combination of contact with DWP and the service centre (8 per cent), their own research (8 per cent) or via the HMRC helpline (6 per cent). Figure 3.1 below shows all the responses.

**Figure 3.1: Where/how claimants found out that their tax credits award would stop (multiple responses allowed)**



Those that were *not* aware in advance that their tax credits would stop were asked when they became aware that this would happen. As figure 3.2 below shows around a third (34 per cent), the largest proportion, said they realised their tax credits award would stop only when they did not receive their usual payment.

**Figure 3.2: Point in time at which claimants realised their tax credits award would stop**



The qualitative research echoed these findings. When claimants were asked how much they knew about their tax credits stopping and their UC starting, three main groups emerged. A knowledgeable group knew in advance that their tax credits would stop prior to their UC payments starting. Another group understood their tax credits would be stopping, but were unsure as to why (i.e. they thought it was just due to, for instance, their job loss and did not link this to claiming UC). A third, smaller group were unaware of UC and only became aware their tax credits would stop when they did not receive their usual payment. Generally, these were people whose change in circumstances was something other than a job loss, for example a partner moving into their home, and said they had not expected any alteration in their benefits as a result of this change. Some in this latter group felt more negative about their move to UC due to the unpleasant surprise of not receiving the regular money they were expecting.

### **3.3 Awareness of tax credits overpayments**

As discussed at the beginning of this chapter, overpayments occur when claimants receiving tax credits are paid too much. This research explored whether tax credits claimants were aware that they had been paid too much through their award, and therefore had a tax credits overpayment.

When claimants were asked whether they had ever been paid too much, 61 per cent said they had. This was mirrored in the qualitative research, in which claimants were usually aware that they had had a tax credits overpayment.

In the quantitative research, those reporting that they did have tax credits overpayments were asked at what point they became aware of this. Three-quarters (75 per cent) of those with overpayments said they only discovered their overpayment after their UC claim had started, i.e. they had been unaware of the overpayment throughout the period they were claiming tax credits.

As mentioned, throughout this report, we see some groups of claimants that consistently report lower understanding about the transition to UC, are less satisfied with the service received during the transition process, and/or are more likely to contact HMRC and DWP. Some of these groups are more likely to realise they had tax credits overpayments *after* they started claiming UC when compared to their counterparts: those not working (81 per cent realised after claiming UC) and those with health conditions (80 per cent).

The qualitative research specifically explored the experience of tax credits claimants who had overpayments, as they moved to claiming UC. One subject explored was awareness of overpayments and awareness of what would happen to these once their UC claim started.

There were three different 'levels' of knowledge identified in the qualitative research. The largest group understood they had an overpayment but did not know what would happen to this overpayment when they started to claim UC. Sometimes this was because they simply had not thought about it, though others were unsure because they were not certain about the 'status' of their overpayments: some assumed that they no longer had a debt attached to their account; others thought their debt had already been paid off, had been

cancelled, or was incorrect and so they were actively disputing it and assumed they would not have to pay it.

*“You can only get working tax credits when you are working, I knew that would stop. I saw online, I went on to get my non-working benefits, that I would get something called ‘Universal Credit’ ... I had £40 in overpayments but I got a letter telling me ‘don’t worry about it’ and I thought I wouldn’t have to pay it.”*

(Single, Unemployed)

Another smaller group knew they had overpayments and understood that these would be recouped through deductions from their UC award. Some found out about the deduction transfer from a combination of HMRC and DWP contact – from letters or speaking directly to HMRC or DWP, either through calling helplines or at Jobcentre Plus branches. Others, however, could not remember how they came to know that their overpayments would be transferred from one benefit to another.

*“I just assumed [the debt] was getting swapped from one [benefit] to the other – I think a man in the Jobcentre said it would be.”*

(Single parent, employed).

A third group, of just a few claimants, had very little understanding of overpayments. These claimants sounded like they often struggled with, or were anxious about, day to day life due to things like anxiety or other health/mental health concerns, the ill-health of dependent relatives, substantial caring responsibilities, low levels of confidence and low levels of knowledge about the benefit system, and worries related to low income. Their contact with HMRC and DWP was often characterised by confusion and/or worry. Some of this group knew that they had tax credits overpayments but had no idea when or how these came about. They felt frustrated or angry because they did not understand why they owed money. A few others had no knowledge of any tax credits overpayments at all.

*“I cannot understand why those overpayments were valid and it has not yet been successfully explained to me.”*

(Single, Unemployed)

*“I’m just very confused and quite overwhelmed about it; they kept sending us recalculation letters every week.”*

(Couple with Children, Unemployed)

The key finding to note from the qualitative research in this area is that while claimants were typically aware of having a tax credits overpayment, many did not understand what would happen to this debt once they started claiming UC.

### **3.4 Recall of letters**

It was important to establish whether claimants understood the communications that they were sent throughout the transition from tax credits to UC. Effective communications should prevent unnecessary contact with HMRC/DWP and provide claimants with reassurance and guidance, therefore making their experience better and less stressful. In the survey, therefore, all claimants were first asked whether they remembered receiving either of the following key pieces of communication:

- Award Review Pack - received by all claimants to finalise their tax credits award. Some claimants who received this needed to respond, and some needed to simply check their details and do nothing if they were correct. This was explained on the letters.
- A letter entitled 'Your tax credits overpayments' - this was only received by claimants with tax credits overpayments, and was designed to inform these claimants that they had an overpayment, and that the resultant debt will be collected from their UC award. No action was required on receiving this letter, and the letter stated this.

### **Award Review Pack**

Recall of the Award Review Pack was limited. Only around a third (35 per cent) said they received this, though all will have because the Tax Credits Computer System automatically issues one when the tax credits award is stopped following receipt of a stop notice. This was borne out in the qualitative research, where recall of the pack was relatively low. Some claimants said, after glancing at the final Award Review Pack during the interview, that it was simply 'a summary of the payments they had received during the year', or to confirm information or a change in circumstances'. These would have been the correct messages taken out of the regular renewal pack they received each year, but in this final Review pack, they often missed the key message that their tax credits had stopped. Others more explicitly confused the pack with the regular renewal pack, saying that it was the same thing they receive every year.

### **Letter entitled 'Your tax credits overpayments'**

Considering the quantitative survey responses again, nearly three in five (58 per cent) of all claimants recalled receiving the letter entitled Your Tax Credits Overpayments. However, as discussed, only those with overpayments were meant to receive this letter. If we take the self-reported incidence of overpayments in the survey to be correct, this means that of those that had an overpayment, around three quarters (71 per cent) recalled receiving this letter.

In the qualitative research, recall of the letter about overpayments was a little higher than the recall of the Award Review Pack, but those recalling were still in the minority.

## **3.5 Response to letters**

The evidence suggests that some claimants were confused by the letters, as the majority of claimants responded by calling HMRC or DWP, or visiting the Jobcentre to enquire face to face.

Most of those receiving the Award Review Pack should have either completed and returned a form, or simply checked the information given (and only got in touch if it was incorrect). However, a third (33 per cent) rang HMRC, a quarter (23 per cent) rang DWP, and one in ten visited the Jobcentre.



## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

Indeed, *all* recipients of the letter about overpayments would have ideally done nothing, yet just under half (46 per cent) rang HMRC, just over a quarter (27 per cent) rang DWP, and again, one in ten visited the Jobcentre.

All these results (including the proportions that did nothing) are shown in table 3.1 below.

**Table 3.1: Actions in response to Award Review Pack and Tax Credits Overpayments letter (multiple responses allowed)**

Action taken	Letter received	
	Award Review Pack	'Your tax credits overpayments'
	%	%
Contacted HMRC helpline	33	46
Did nothing	31	33
Contacted DWP/UC/Service centre/Jobcentre Plus (JCP) helpline	23	27
Contacted Jobcentre face-to-face	11	11
Completed the declaration form and sent it to HMRC <sup>21</sup>	29	-
<i>Base:</i>	353	578

In the qualitative research, some of those who said they recalled the letter said that they had called HMRC as a result. A few of those that did not recall the letter, on looking at it during the interview, yet again said they probably would have called HMRC, had they received it.

This real or anticipated contact partly stemmed from claimants' uncertainty about *when* the overpayment would be recovered. In addition, a few claimants did not know why they had overpayments, thought they had already been repaid or query the overpayment. A few said they would always call 'just to be on the safe side'.

*"I just phoned them up straight away as I didn't think I owed them anything."*  
(Single parent, employed)

During the second phase of the qualitative research, when claimants were more likely to have multiple overpayments from different years, the few claimants that did recall receiving a second letter of this type generally did nothing in response. This lack of response was not

<sup>21</sup> It was not possible to know from the sample data provided by HMRC what proportion of TC claimants should have completed and returned this form. It is possible that everyone who should have returned the form did so, but it is also possible that many who should have returned the form, did not.

## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

always because they had understood that they did not need to respond, rather that some of these claimants felt too confused or overwhelmed to get in touch.

*“I’m too stressed out by it all. I’m only just starting to deal with paying stuff back now.”*  
(Couple with children, Full Service, self-employed)

Claimants noted that a more specific letter or communication about overpayments, which told them when the debt would be taken from them, and in what instalments, would reduce the need for them to call and create less stress and uncertainty.

In terms of the Award Review Pack, the reactions varied:

- Some claimants reported that they had responded to this letter, but did not specify what action they took;
- Some noted that while they did not specifically remember responding, they would have definitely responded if one had been required;
- Other claimants noted that they had not replied to the Award Review Pack as they thought that the letter was for information only and that a reply was not necessary (note that this could have been the case, as these claimants may have received the version of the Award Review Pack that did not require a response).
- A few others had confused the Review Pack with the annual Renewals Pack, which they were used to receiving on an annual basis and in their experience, did not require a response.
- Some noted the tax credits subheadings and assumed it was no longer relevant to them, as they were now receiving Universal Credit instead, so it was ignored.
- A few others either felt disengaged with all such letters and assumed that HMRC would chase them up if it was truly important, or they felt very stressed and described being unable to take the information in, and therefore ignored the letters.

Claimants in the qualitative research did not commonly report making phone calls as a result of receiving this letter.

Overall, in the qualitative research, claimant views on the communications received were very mixed, and there were signs of claimants feeling overwhelmed by the volume of communications, or confused about what would happen next.

## 4 Managing payments when moving from tax credits to Universal Credit

### Chapter overview

This chapter provides an overview of payments and claimants' ability to manage payments when moving from tax credits (TC) to Universal Credit (UC). It specifically focuses on receiving the first UC payment, the payment gap, awareness of deductions and any financial help available.

When claimants apply to UC, their tax credits payments stop before their UC payments start (as outlined in the background section and at the beginning of section 2). This research explored to what extent claimants knew about this gap ahead of time, how much they knew about when their UC payments would start, and how they found the experience of managing their money in the gap between payments.

#### 4.1.1 Receiving the first UC payment

Nearly three in five (59 per cent) claimants knew when their first UC payment would arrive and around a half (52 per cent) agreed it was the amount they expected.

Those who knew when their first UC payment would arrive most commonly found out about this through their online UC full service account (43 per cent) or face to face with an advisor at the Jobcentre (41 per cent).

Claimants who knew when their UC payment would arrive were more likely to be satisfied with the overall service they received during the transition, and less likely to make contact with Her Majesty's Revenue and Customs (HMRC) and Department for Work and Pensions (DWP) (which will be explored further in the next section). Indeed, of the claimants who were satisfied overall with the process of moving to UC overall, around three quarters (71 per cent) knew when their first UC payment would arrive. These results highlight the importance of providing information about when payments will arrive 'up front' to claimants if at all possible.

## 4.1.2 Payment gap

Universal Credit claimants typically experience a payment gap<sup>22</sup> of about six weeks from making their UC claim until their first UC payment is made. Once the UC claim is made, tax credits stop. Less than half (42 per cent) of claimants were aware that there would be a gap in payments. Awareness was particularly low amongst female claimants and claimants with children (57 per cent of female claimants, compared to 43 per cent of male claimants, and 55 per cent of claimants who had children included on their claim compared to 41 per cent who did not, were not aware of the gap). Of those that were aware of the payment gap, just over half found out through Jobcentre Plus (54 per cent).

Claimants that were aware there would be a gap in payments were asked how long they expected the gap to last. Opinions varied: just under half (44 per cent) expected a gap of four weeks or less, 38 per cent thought the gap would last between four to eight weeks, and 15 per cent did not know.

Results from the qualitative research showed that the payment gap had been a source of financial difficulty for some claimants. A few claimants had experienced particularly long payment gaps (up to three months), causing them considerable stress.

Looking at those that experienced the usual six-week gap, participants in the qualitative research were reasonably equally split between those that found this gap in payment problematic, and those that had sufficient money to 'tide them over' before UC payments started.

Results from the quantitative survey showed that some of the claimants who struggled needed to borrow money from friends and family, and had to reduce their spending, during this time. Those that managed better tended to be those with savings, and those with support networks such as parents and family that were available to help. Single claimants (who were likely to be single parents given the high proportion of our sample population that had children) were more likely than joint claimants to say that they had struggled with the payment gap (41 per cent, compared to 30 per cent).

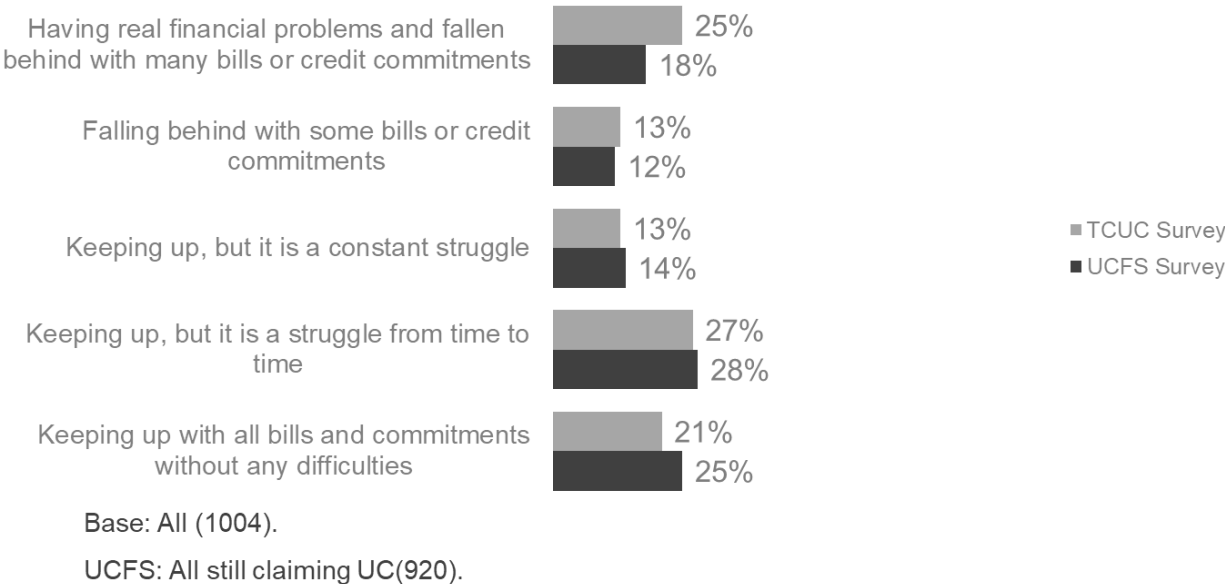
The quantitative survey aimed to understand how claimants were coping financially during the transition process. Claimants were asked about their current financial status, and the results are shown in figure 4.1 below<sup>23</sup>. Overall, 25 per cent said they were having real financial problems and falling behind with many bills and commitments, 13 per cent said they were falling behind with *some* commitments, and 13 per cent said they were keeping up, but it felt like a constant struggle to do so.

---

<sup>22</sup> Please note the claimants in the survey sample transitioned to Universal Credit Full Service between July and November 2016, and were interviewed between March 2017 and July 2017. The payment gap has since been shortened and payment timeliness is improving (see [www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017#public-services](http://www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017#public-services) (section 7) and [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/648800/universal-credit-payment-timeliness-statistical-ad-hoc.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/648800/universal-credit-payment-timeliness-statistical-ad-hoc.pdf))

<sup>23</sup> The survey did not specifically ask whether financial difficulties were caused by the transition or other factors.

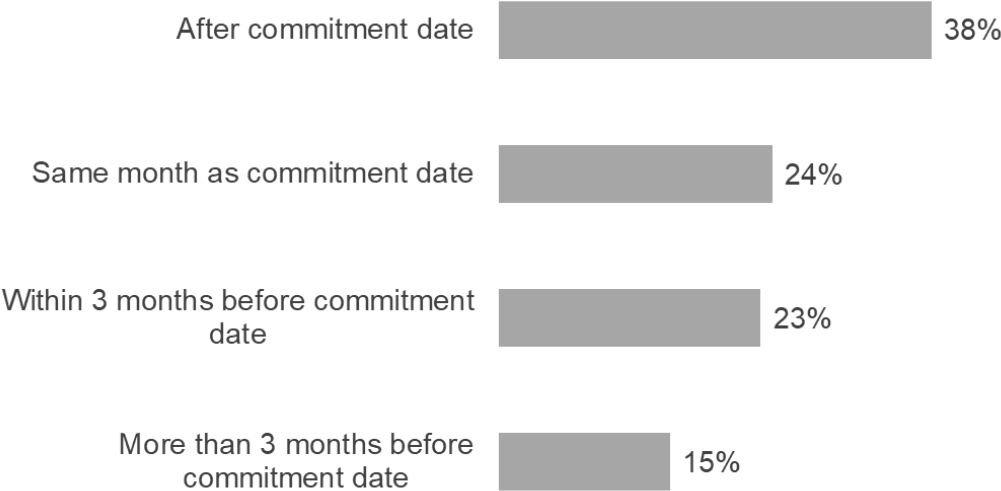
**Figure 4.1: Claimants experiences since starting Universal Credit claim**



Claimants were not asked whether the transition, or other factors, had contributed to these financial problems, but they were asked when their financial problems had started. Of the claimants with more serious financial difficulties (having real financial problems or falling behind with some bills or credit commitments), six in ten (62 per cent) said these started in the same month or after they began claiming Universal Credit. Nearly four in ten (38 per cent) said their financial difficulties had begun prior to the date that they signed their Claimant Commitment.

Those reporting that they are struggling financially were most likely to be claimants making single claims (41 per cent, compared to 32 per cent making joint claims), those out of work and thus arguably more financially vulnerable (42 per cent, compared to 34 per cent of those in work), those who were previously claiming Housing Benefit (42 per cent, compared to 35 per cent who did not previously claim Housing Benefit), or those suffering from a health condition (45 per cent, compared to 34 per cent without a health condition).

Figure 4.2: Point at which financial difficulties started



Base: All experiencing financial difficulties (340)

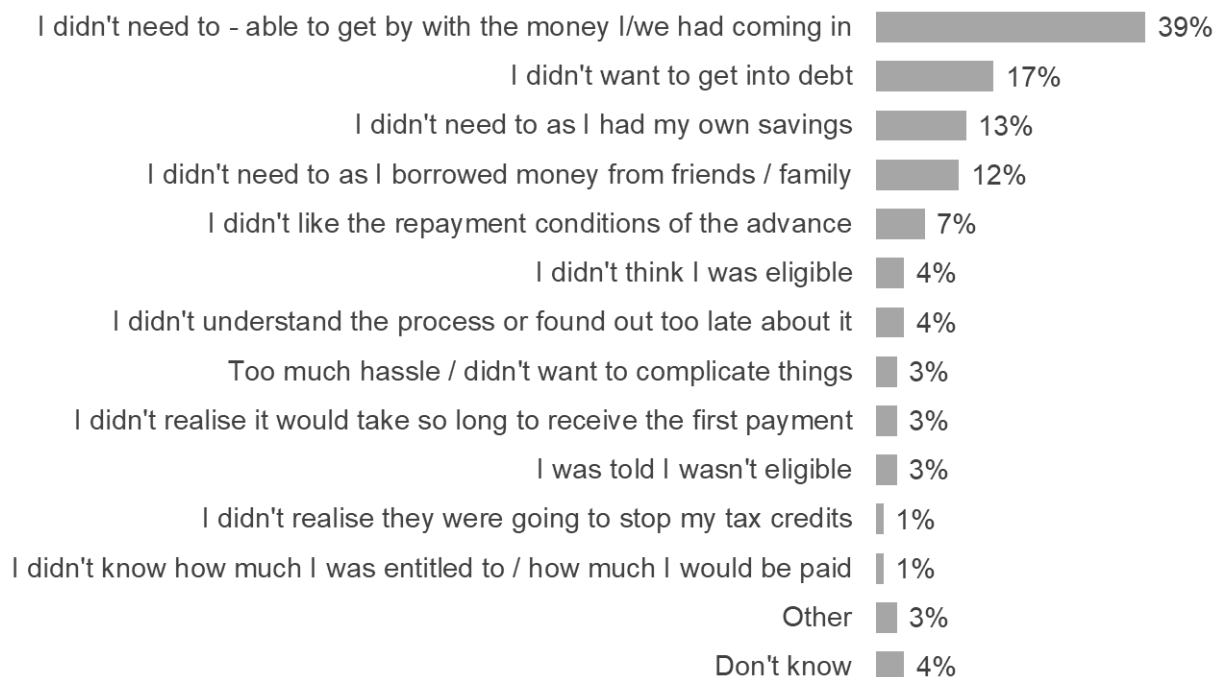
It is important to note that most start claiming UC due to a change in circumstances (e.g. job loss) and thus any financial difficulties experienced might be related to a change in their income and not directly associated with their UC claim

### 4.1.3 Financial support available

Claimants can apply for an advance payment to help them manage the payment gap, which is later paid back through deductions in their UC award. Budgeting advice is also available from the Jobcentre to help them manage their finances during transition to UC.

Awareness of financial support available was somewhat limited. Over half of claimants surveyed (54 per cent) were aware that they could request an advance payment and yet only around half (53 per cent) of those aware decided to take advantage of the option. The reasons for not taking an advance payment varied - most felt that they were able to get by with the money they had (39 per cent), others were reluctant to get into debt (17 per cent), or managed to get by on their own savings (13 per cent); please see figure 4.3 below for the full breakdown.

**Figure 4.3: Reasons for not taking up an advance payment (multiple responses allowed)**



Base: All aware of advance but didn't take it (254)

The qualitative research showed similar reasons for claimants not taking the advance payment. Those that did not make use of the advance payment were generally aware of the option to do so, but decided against it. For some this was because they thought they would be able to manage without this additional help during the payment gap. The alternative strategies taken by these claimants included: taking on more work, using savings, relying more heavily on friends or family, or using a final pay cheque from work to cover their costs. Claimants who were employed or self-employed were more likely than those out of work to say that they felt they would be able to manage during the gap.

There were other claimants that chose not to take the advance payment because they did not want the mental or emotional strain of taking on more debt, even if the payment gap felt problematic for them. Some others did not want the hassle of more phone calls or applications to DWP, and so decided against the additional help.

Looking again at the quantitative survey results, there were certain groups who were more likely to request an advance payment. Those who were previously *only* claiming CTC were more likely to request an advance payment (35 per cent) compared to those claiming only WTC (17 per cent), or those claiming both types of tax credits (23 per cent). Those not working at the time of interview were also more likely to have requested an advance (32 per cent), compared to those working (25 per cent).

Those with a health condition were more likely to have requested an advance compared to those without one (33 per cent compared to 26 per cent). In addition, those receiving multiple benefits prior to claiming UC were more likely to request an advance compared to those who previously *only* claimed tax credits (33 per cent compared to 21 per cent).

Another resource available to claimants experiencing financial difficulties is budgeting support on offer from Jobcentre Plus or partners.

None of the claimants interviewed for the qualitative research had used this service, and most were unaware of the option (a few were aware but decided against using it). Those that had not known about this advice at the time (i.e. most of the claimants interviewed) were asked during the interview whether they felt it *would have* been useful for them, had they known about it. Most said no, they did not think it would have helped them, though a few said they may have been interested.

When asked why they thought the advice would not have been useful, claimants typically said they were already accustomed to managing well on a tight budget and so they did not imagine this advice would have helped them; claimants maintained the issue was simply not having enough money for the weeks before the UC payment arrived.<sup>24</sup>

*“My money is already set and managed alright to be honest. I can't really see them helping me no other way, unless I'm going to get more money. Right now my money is set every month for what I have to do.”*

(Lone Parent, Unemployed)

It is difficult to say whether greater awareness of this budgeting support would encourage claimants to use it. The claimants in the qualitative research seemed to feel it would not be able to teach them anything, as they feel they already manage their money well.

Perhaps communications that address this assumption could increase interest in advice. An example of potential introduction could include: “Even people who manage well on a tight budget often don't realise how much budgeting advice can help ... Most people who use this advice could save around £X a week, which means £Y a year – which is enough to XYZ!”

#### **4.1.4 Awareness of deductions**

When a claimant with a tax credits overpayment moves to UC, this debt is transferred to their UC account and deducted in regular instalments from their UC award. Although the research showed that many were unaware of their tax credits overpayments, the small proportion of claimants that *did* know that they had an overpayment when transitioning to UC generally understood that it would be deducted from their UC claim, as shown in figure 4.4 below.

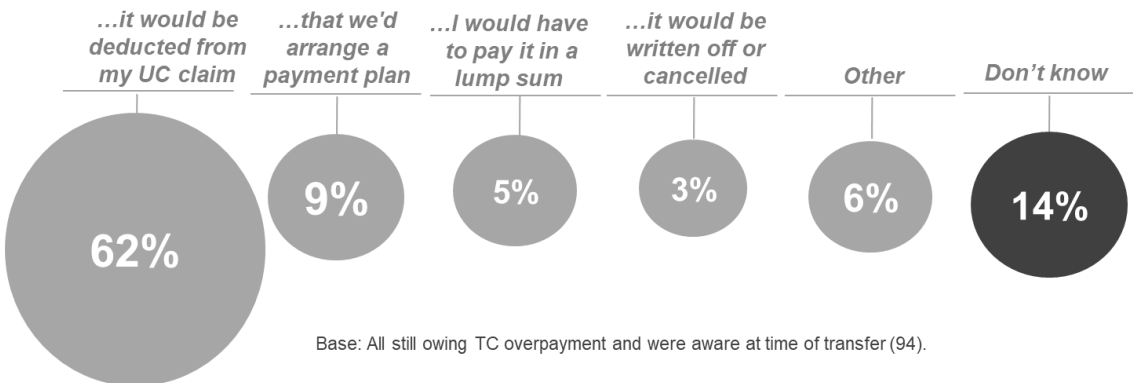
---

<sup>24</sup> No questions were asked about budgeting support in the quantitative survey.



**Figure 4.4: Understanding of UC deductions**

*(All still owing TC overpayment and aware of it at the time of transfer)*



However, there remained a substantial minority that did not understand what would happen to their overpayments: 14 per cent were unsure about what would happen and the remaining claimants expected a payment plan, lump sum payment, cancellation or other arrangements.

Findings from the qualitative research showed that there were some claimants who had a good level of understanding regarding their UC deductions, in that they had noticed deductions from their UC award and *were* aware that these were due to tax credits overpayments that had been transferred to their UC account. A few of these claimants reported being aware of this in advance of deductions being made due to receiving a letter, though often did not remember exactly which letter or which organisation had sent it. A few others simply assumed that their tax credits overpayments would be recouped through UC deductions, due to previous experience of other debt and repayment plans. Some of these claimants - while aware of the connection between deductions and overpayments by the time of the interview - had only become aware of this after deductions had been made; these claimants had generally noticed the deductions listed on their UC online account.

There was a larger group of claimants in the qualitative research with a more limited understanding of their UC deductions. Many were aware of deductions but were often unclear as to what the deductions were for, and in particular, few had made the link between these deductions and previous tax credits overpayments. A few of these claimants with a more limited understanding thought that they had already paid off their tax credits overpayments and so assumed that any deductions from their UC award could not be related to this. A few claimants were in the process of disputing their overpayment amount, and so were not expecting any tax credits overpayment related deductions to be made yet. One claimant logged onto their online account during the interview and discovered at that point that their UC deductions were in fact due to their tax credits overpayment.

Deductions from claimants' UC awards were accepted in principle, though advance notice of the deduction was important in ensuring claimant satisfaction – claimants wanted to know how much would be taken, how often, and when these deductions would start.

**The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

Some claimants reported it was common for deductions to be made before they knew this would be happening, which resulted in considerable discontent.

*“I'm happy to do it that way [pay it from UC], I just wished they'd informed me first...I would like to be involved in the conversation to say "Ok, but I can't afford that", or “go ahead.”*

(Couple with children, Full Service, unemployed)

A few claimants wanted more control over how to make these payments, for example by Direct Debit, instead of being removed from the process and having deductions made automatically without being consulted.

A few claimants were very unhappy or confused about the deductions being made – either they had been unable to find out why deductions were being made, they thought they had already paid off their overpayment, or they simply felt the original tax credits overpayment was incorrect.

*“The problem is you can't just not tell me where it's going – [it's] the lack of communication [that is the problem]...I have to ring you 6 times, email you 3 or 4 times on my journal...no one seems to understand.”*

(Couple with children, Full Service, Unemployed)

## 5 Contact with HMRC and DWP

### Chapter overview

A key focus of this research was exploring how and why claimants contacted Her Majesty's Revenue and Customs (HMRC) and Department for Work and Pensions (DWP). If claimants receive the information they need at the right time, it is likely that their need to contact the departments would reduce, as does the associated resource required from HMRC and DWP to respond to queries. This chapter therefore focuses on the types of claimants making contact and understanding the main reasons for contact.

### 5.1 Frequency of contact

Most UC claimants contacted HMRC or DWP around the time of their application. Around six in ten (61 per cent) contacted HMRC, and around eight in ten (78 per cent) contacted DWP. Nearly nine in ten (87 per cent) of claimants contacted one department or the other, during the Universal Credit (UC) claims process.

Claimants were also likely to contact each department more than once; on average claimants contacted HMRC twice and DWP four times.

A substantial minority of claimants contacted HMRC or DWP more than 5 times – 17 per cent of all claimants contacted HMRC more than 5 times, and 30 per cent of claimants contacted DWP more than 5 times. The reasons for claimants calling multiple times are discussed further in the section below.

Over half of claimants (52 per cent) contacted both departments, this is also discussed further below.

These large proportions of claimants contacting the departments clearly create additional tasks for claimants and resource burden for HMRC and DWP. The sections below examine this contact in a little more detail to establish the reason for contact, and which groups are most likely to make contact.

### 5.2 Who is making contact

#### 5.2.1 Who made contact with HMRC

As discussed, six in ten claimants (61 per cent) contacted HMRC during their UC claims process. However, claimants were more likely to get in touch if they fell into one of three groups. Firstly, those who previously claimed Housing Benefit were more likely to contact HMRC during the claims process: 66 per cent contacted HMRC if they had claimed Housing Benefit, compared to 58 per cent if they had not. This may be linked to the fact

that housing costs are handled differently under UC (where they are included in the claim amount) to tax credits (where Housing Benefit was paid directly to the landlord). Findings reported in chapter 3.2.4 demonstrated that nearly a third (30 per cent) of those who used to claim Housing Benefit were not necessarily aware that their housing costs would, from now on, be included in their UC claim. This suggests that a reasonable proportion of people may have felt driven to contact HMRC or DWP to clarify this aspect of UC, when their Housing Benefit stopped.

Secondly, those who had children included on their UC claim were more likely to have contacted HMRC (62 per cent) than those without children included (48 per cent). It should be noted here, however, that most of the UC claimants in the survey (93 per cent) had children included on their claim. Only six per cent of respondents did not have children included on their claim, therefore comparisons between these groups should be made with caution.

Thirdly, those who reported having a tax credits overpayment were more likely to contact HMRC during the transition process (64 per cent) compared to those with no overpayment (56 per cent). Findings reported in section 2.3 showed that, of claimants with tax credits overpayments, around three quarters (75 per cent) were unaware of them until they saw deductions from their UC award. It is not surprising then that this group was more likely to call HMRC for clarification.

As we saw from the qualitative research, some of these claimants may have called HMRC after they received a letter that told them they had tax credits overpayments because they wanted to dispute the amount or dispute the overpayment altogether.

## **5.2.2 Who made contact with DWP**

As discussed, nearly eight in ten (78 per cent) claimants contacted DWP during their transition to UC. The group that was more likely to contact DWP were those with a health condition (84 per cent contacted DWP) compared to those with no health conditions (75 per cent contacted DWP). As we have seen throughout this report, those with health conditions tended to understand less about the transition from tax credits to UC.

## 5.3 Reasons for contact

Claimants were asked why they had contacted HMRC and/or DWP. First, claimants were specifically asked whether they had contacted each department about their tax credits claim, or their UC claim, or both. This was important in order to understand whether claimants knew that queries about tax credits should be directed to HMRC, and those about UC to DWP. Secondly, claimants were asked more specifically what their query had been about. These results are shown below.

### 5.3.1 Reasons for contact with HMRC

A third of claimants had contacted HMRC about their tax credits claim (33 per cent), a third about their UC claim (32 per cent), and a third had a query about both (35 per cent). This means that at least a third of claimants are contacting HMRC in error, as any queries about UC should have been directed to DWP.

More specifically, claimants contacting HMRC about their tax credits claim were most likely to do so because they were disputing their tax credits overpayment (41 per cent). All reasons are shown in table 5.1 below:

**Table 5.1: Reasons for contacting HMRC about tax credits (multiple responses allowed)**

	<b>Contacted HMRC about tax credits</b>
	%
Dispute tax credits overpayments	41
Update changes in circumstances	16
Discuss a late tax credits payment	11
Discuss an incorrect tax credits payment	9
To discuss another, non-specified issue related to tax credits payments	9
Ask why their tax credits had stopped	9
To ask about the changeover from tax credits to UC	8
To let HMRC know they were would be claiming UC as well as tax credits	3
To ask about returning to tax credits	1
Base	422

Claimants who were calling HMRC about issues to do with their UC claim were also asked specifically what they were calling about, shown in table 5.2 below.

**Table 5.2: Reasons for contacting HMRC about UC (multiple responses allowed)**

	<b>Contacted HMRC about UC %</b>
General issues around UC payments	23
Issues related to late UC payments	20
Check on progress of UC claim	13
Find out when UC payment would arrive	11
Discuss perceived incorrect UC payments	8
Ask about the changeover from tax credits to UC	6
Help with calculations on UC claim	6
Talk through complicated UC claim	5
Change some information on their UC claim	4
Find out how to claim UC	4
Issues with online service	3
Issues around housing benefit/rent	3
Discuss deductions	3
Find out if eligible to claim UC	3
Ask for an advance payment	3
Clarify commitments	3
Claiming back childcare costs	2
Check had received UC claim	2
Base	405

The reasons given in the table tend to fall into two main categories: either relating to uncertainties around when the first UC payment will be received, or practical issues relating to making the UC claim. If it was possible to give claimants more knowledge and confidence about when their claim would start, and signpost claimants more effectively to DWP for issues around claim practicalities, this could substantially reduce contact with HMRC during the transition.

### **Reasons for multiple contacts with HMRC**

As discussed at the beginning of this chapter, 17 per cent of all claimants contacted HMRC more than 5 times. Claimants calling HMRC this many times were more likely to be calling about incorrect tax credits payments, or late or incorrect UC payments, than those calling fewer times, as shown in table 5.3 below. As mentioned before, if claimants

**The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

could be given more information, and confidence, upfront about when their benefits can be expected to stop and start, this could considerably reduce contact.

**Table 2.3: Number of times contacted HMRC for the following reasons (multiple responses allowed)**

Top 3 reasons for contacting HMRC	Proportion making contact different numbers of times (%)			
	Once	2-3	4-5	Over 5
<b>To dispute a TC overpayment</b>	38	43	40	41
<b>Incorrect TC payment</b>	3	8	24	11
<b>A change in circumstances</b>	19	15	22	10
<i>Base: those contacting HMRC about tax credits claims (422)</i>				
<b>Late UC payment</b>	3	19	22	29
<b>Incorrect UC payment</b>	6	6	2	14
<b>To find out how long UC claim would take</b>	10	7	14	14
<i>Base: those contacting HMRC about UC claims (405)</i>				

### 5.3.2 Reasons for contact with DWP

Compared to claimants calling HMRC, those calling DWP were more likely to be directing their query to the right place; two thirds (63 per cent) were calling DWP about their UC claim, and only 11 per cent were calling about their tax credits claim. Just over a quarter (27 per cent), however, were calling DWP because they had a query about both their tax credits and their UC claim.

The specific reasons claimants were contacting DWP were the same as the reasons they were contacting HMRC (shown in the tables above) and in very similar proportions.

## The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants

This is an interesting result, as it suggests that claimants are presenting the same consistent issues and questions regardless of which department they are contacting, and that there is considerable overlap in the queries that both departments are faced with. It is therefore interesting to look at those claimants who contacted both departments during the transition process, and to understand why this was.

### Reasons for multiple contacts with DWP

As mentioned, around a third (30 per cent) of claimants contacted DWP more than 5 times. As with claimants contacting HMRC multiple times, claimants calling DWP multiple times were more likely to be doing so to discuss an incorrect tax credits payment, or a late or incorrect UC payment, as shown in table 5.4 below.

**Table 5.4: Number of times contacted DWP for the following reasons (multiple responses allowed)**

Top 3 reasons for contacting DWP	Proportion making contact different numbers of times (%)			
	Once	2-3	4-5	Over 5
<i>Base: those contacting DWP about tax credits claims (294)</i>				
<b>Incorrect TC payment</b>	6	4	18	14
<i>Base: those contacting DWP about UC claims (700)</i>				
<b>Late UC payment</b>	15	17	19	32
<b>Incorrect UC payment</b>	3	6	13	14

### 5.3.3 Contacting both departments

As mentioned at the beginning of this chapter over half of claimants (52 per cent) contacted both HMRC and DWP, and it is important to understand the reasons for this as this is likely to have a negative impact on claimants' experience and represents duplicated resource between DWP and HMRC.

The majority (82 per cent) of claimants contacting both departments enquired about the same or some of the same issues with both departments. There were no significant differences between the queries of claimants who contacted both departments and those who made a contact with one only, i.e. claimants had the same issues regardless of whether they contacted one department, or both.



### 5.3.4 Insight from the qualitative research

In the qualitative research, contact with HMRC and DWP was not differentiated – that is, we asked what had prompted claimants to make contact with one or the other, but we did not ask claimants to be specific about which queries had been directed at which department.

In the qualitative research, there were two main reasons that claimants got in touch with HMRC or DWP during their transition from TC to UC:

Some claimants were getting in touch to request specific information about their Universal Credit claim. The two most common questions related to when UC payments would arrive and how much the payments would be.

Some other claimants in the qualitative research were generally confused about the change in their benefits and wanted to ‘talk things through’ with someone. They typically had low levels of understanding of the benefit system. Common queries included why their benefits had stopped, how overpayments worked (e.g. how they would be deducted and when) and why they had an overpayment. A few felt generally confused about letters they had received and wanted to talk this through with someone as they did not know how to go about finding this out on their own.

*“[The breakdown on my online account] just said [the deduction was for] “Tax Credits on UC payment” but not the reason why, and that is why I questioned it. Even if I do owe it, they should warn you beforehand about how much is going to be deducted; I got no letter but just noticed that UC payment was reduced... “*

(Lone parent, Live Service, Employed)

A few more claimants made contact to request proof of their benefit award. These claimants were accustomed to receiving written proof of their tax credits award, which they used to secure free services such as optician or dental appointments/treatment. Because many claimants’ Universal Credit award is managed online (as they are Full Service claimants), an equivalent written notice is not provided by DWP. Customers are advised to print off certain screens from their online account to use as proof of their award, but a few commented that this was difficult to do or that it had not been accepted.

There were also some customers who had *not* contacted HMRC or DWP but had specific queries that could drive them to make contact in the future:

- The reason for their move to UC;
- Which other benefits would also be affected by this change, and which will not be;
- When any benefits affected will stop (related to this, the need to reapply for Council Tax Support);
- Why there will be a gap in payments of *at least* six weeks, between tax credits stopping and Universal Credit starting;

- Whether budgeting and financial support is available.

Qualitative responses help to shed light on why claimants made multiple contacts to one or both departments. Findings suggest that a lack of general awareness and information about UC, not knowing which department to contact and not receiving a satisfactory response from one department or the other, and a general confusion on the part of the claimant, were among the common reasons.

*"I had to be calling them constantly to get information. I didn't know anything - when I would be getting money again, even what UC is. I go online and it just says "this is a new benefit set up by government."*

(Couple with children, Live Service, Employed)

*"The process has been long – it felt like neither department wanted to accept responsibility for queries. There was poor communication on Universal Credit side - inconsistent alerts with regards to online journals and the staff did not seem to know the answers."*

(Parent, currently unemployed)

*"[On receiving the letter about overpayments] "I didn't agree with the amount, I thought I was entitled to half of what the overpayment was. I phoned HMRC but it was hard to get information I needed -. I wanted to know how the overpayment amount had been calculated and why it had taken so long to contact me about it ... I gave up in the end, I thought I'd spend more money phoning them up than just paying back the amount."*

(Single, Unemployed)

In a few cases, customers in the qualitative research reported a payment gap of around three months or more, which resulted in considerable stress, use of loan sharks and/or falling behind with their rent commitments. In these instances, frequent calls were made to DWP to find out when the first payment would arrive.

The quantitative and qualitative findings relating to the contact made with HMRC and/or DWP suggests that there is a need for improved signposting to the information that claimants are most likely to need. One possibility could be a user-friendly website dedicated to the move to UC and/or the development of a specialist guidance telephone or webchat service that can answer more specific queries (perhaps co-managed by both HMRC and DWP staff).

### **5.3.5 Handling of customer queries**

Claimants who contacted HMRC or DWP were asked how well they felt their query had been handled by the department. Two-thirds of survey respondents felt that their query

was handled well by HMRC (67 per cent) or DWP (66 per cent), as outlined in figure 5.1 below<sup>25</sup>.

**Figure 5.1: Satisfaction with contacting HMRC/DWP**



Base: All customers who contacted DWP/ Job Centre/ Service Centre (783), All customers who contacted HMRC (612)

The main reasons for dissatisfaction with how HMRC and DWP handled claimants' queries were generally consistent between departments. The most common reason for dissatisfaction was 'wanting more information' (46 per cent amongst those who contacted HMRC and 39 per cent amongst those who contacted DWP), as shown in table 5.5 below. Around a third found it difficult to find the right person or were given incorrect information (30 per cent amongst those who contacted HMRC and 23 per cent amongst those who contacted DWP), around a third felt that their issue was not resolved or followed up (27 per cent amongst those who contacted HMRC and 34 per cent amongst those contacting DWP), and around one in five reported poor staff attitude (22 per cent amongst those contacting HMRC and 18 per cent amongst those contacting DWP).

<sup>25</sup> This is in line with the UCFS survey with 74 per cent noting that their query was dealt with well. (Please note that the UCFS survey asked about contacting the service centre rather than HMRC/DWP. Base: All who called UC service centre at any point during the claim process. Source: IFF Research

**Table 5.5: Five main reasons for dissatisfaction HMRC and DWP (multiple response allowed)**

Type of query	People who were dissatisfied with how HMRC handled their query	People who were dissatisfied with how DWP handled their query
	%	%
Lack of information/was not given information needed	46	39
Was difficult to find the right person/department	30	23
Given incorrect/conflicting information	28	26
My issue wasn't resolved/has not been followed up	27	34
Poor staff attitude/rude staff	22	18
Took too long to resolve issue	21	26
Base	187	251

# 6 Overall satisfaction

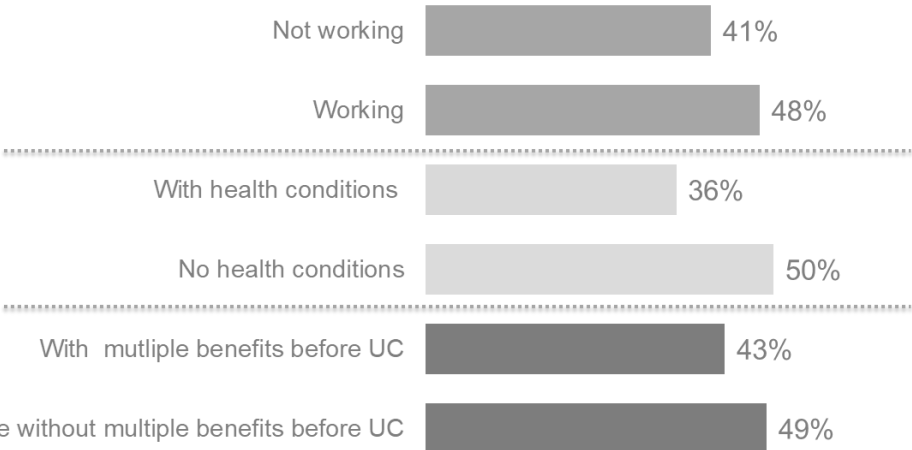
## Chapter overview

This chapter summarises the overall satisfaction with service during transition and understanding the reasons for dissatisfaction.

Nearly half (45 per cent) of Universal Credit (UC) claimants were satisfied with the service they received during transition to Universal Credit (15 per cent were very satisfied and 30 per cent were fairly satisfied). Similar proportions reported being dissatisfied: 42 per cent overall (13 per cent fairly dissatisfied and 29 per cent very dissatisfied).

Certain groups were more likely to be satisfied than others. Those satisfied were generally those who were only receiving one benefit before UC (49 per cent who were only on tax credits before UC, versus 43 per cent who were on multiple benefits). This could be because the presence of other benefits makes the transition more complex or uncertain, perhaps if people were not sure which benefits will be included in their UC claim and which will not. Multiple benefits may also point to health conditions, and those *without* health conditions were more likely to feel satisfied (50 per cent) compared to those with health conditions (36 per cent). Others more likely to be satisfied were those working at the time of interview (48 per cent) versus those not working (41 per cent).

**Figure 6.1: Groups satisfied with service received during the transition**



Base: All satisfied with service received during transition to UC (453).

Unsurprisingly, claimants who felt they received sufficient information and understood the process of transitioning from tax credits to UC were less likely to contact either of the departments and, overall, were more likely to be satisfied with the process of their tax credits finishing and UC starting.

Where claimants were dissatisfied with the process, the survey explored why this was. The three main reasons for dissatisfaction were lack of clear information about the process

**The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

of stopping tax credits and claiming UC (34 per cent), length of the payment gap (29 per cent) and poor organisation (29 per cent) (e.g. a lack of departmental knowledge of the process and timescales or the ability to advise claimants accordingly). The following quotes from open ended questions in the quantitative survey illustrate these points.

*"I panicked...£150 doesn't go far over five weeks... because I didn't know I was going to have to wait that long, especially when you are used to getting an amount each week"*

(Lone parent, working)

*"I waited two weeks before calling the number and then they said the money might take another 5 or 6 weeks. I was quite shocked actually as I needed the cash to pay my rent ... I did take their loan ... but still then I did nothing for 5 weeks... did not go out, did not see anyone... only bought very cheap food"*

(Single, not working)

*"I would have actually liked written confirmation that I am on UC, or 'Welcome to UC and the new system', or something to say 'please check your journal on a regular basis if you have any queries'."*

(Couple, employed)

*"We were thrown ... straight from working tax credit to UC. They didn't tell us the tax credit payment would stop, there was just no money in the bank. HMRC said it's Universal credit's problem, then at Universal Credit one person says one thing and someone else says something else."*

(Couple with children, unemployed)

## 7 Conclusions

### 7.1 Aspects of transition from tax credits to Universal Credit that are working well

This research was undertaken with some of the first tax credits claimants moving to Universal Credit (UC). Claimants were moving from tax credits (TC) to UC due to changes in their personal circumstances such as a job loss or moving in with a partner.

Overall, findings suggest that key elements of the process of making a UC claim are working, albeit with room for further improvement.

For example, nearly all those interviewed had claimed online<sup>26</sup> (96%), albeit with over a third (39%) requiring help either from others to do this.

Two thirds (66 per cent) found arranging an interview at the Jobcentre and getting together all the necessary documents easy.

The majority (74 per cent) of claimants understood why they had to start claiming UC and knew what the rules and responsibilities were. Nearly two thirds thought the conditions of claiming (64 per cent) and the entitlements (68 per cent) were explained well.

Although many contacted HMRC and DWP during the claims process, the majority thought that their queries were handled well (66 per cent for DWP, 67 per cent for HMRC).

Claimants who had sufficient information about the transition from tax credits to UC and were aware of the changes in payment structure were generally satisfied with the service during the transition (54 per cent of those aware of TC stopping were satisfied compared to 33 per cent of those unaware, similarly 56 per cent of those aware of payment gap were satisfied with the service vs. 38 per cent of those unaware).

### 7.2 Areas for improvement

Just as those claimants that understood the transition process and felt informed were generally satisfied, those who did not were more likely to feel that they received too little information, and more likely to make contact with HMRC and/or DWP.

#### **Raising awareness**

Many were unaware of UC prior to the claim (45 per cent), unaware that their TC payments were stopping (41 per cent) and unaware when their first UC payment would arrive (40 per cent), leading to many payment related queries.

Some claimants were confused as to who to contact, which resulted in over half (52 per cent) contacting both HMRC and DWP, often multiple times and about the same issue.

---

<sup>26</sup> This is assuming that when claimants say they completed their claim “at the Jobcentre with an advisor”, that this would have been online.

## **Messaging**

The level of contact from claimants may be reduced if UC was formally introduced to them, prior to making a claim (or as soon as possible) and they were provided with a fact sheet or guide explaining the process in clear layman's terms and providing answers to the most common questions.

This research did not explore in depth the channel through which information about UC should be provided i.e. paper-based or provided online via email, a website link or via the online UC account. The qualitative research did find some claimants to be very comfortable with receiving information through their online account, and would be happy with contact via email. Of course, some groups would struggle with digital communication and may need extra support.

It is important that communication about finalising the tax credits claim is distinct in content and style to clearly stand out from regular communications about tax credits claims. The latter often require no action and claimants will repeatedly not read such communications in detail.

## **Milestones**

The key contact points when claimants needed more information were:

- The trigger for UC claim – why they are being transitioned (particularly for natural migration) and what will happen next;
- Online application – how to apply and complete all aspects of the application (with additional support and guidance for those less IT confident if possible);
- Receipt of letter(s) about overpayments;
- TC payments stopping;
- Gap prior to UC payment;
- Receiving first UC payment (e.g. when the payment would arrive, how much would it be, etc.)
- Noticing deductions, entitlements and exclusions.

## **Opportunities to communicate**

Changes to the transition process are difficult to implement during the natural migration stage due to the nature of claimants transitioning to UC with little or no prior warning. However, the managed migration occurring in 2019 offers an opportunity to prepare claimants for the change to come. This is particularly important as, unlike natural migration, tax credits claimants will not have experienced a change in circumstances and the change in their benefits will, therefore, not be intuitive.

Both the quantitative and qualitative results suggest that, where a change in benefit was not an expected or intuitive result of a claimants' change in circumstances, this could result in higher levels of confusion around the process. Findings suggest that the following information is likely to help smooth the customer journey:



- **UC transfer pack<sup>27</sup>** - this introductory pack could be sent in advance of UC starting or any other benefits stopping. The letter/pack would explain what UC is, and would ideally include a personalised element that informs when each customer's UC award will be starting and how much they will receive. If this was not possible, the letter could explain when they will receive this information so they feel less need to call.
- **Overpayments and recovery** – findings suggest it would be helpful to add a short paragraph to the Debt Transfer Letter, explaining what overpayments mean, and how they originated. There were some claimants who were unaware that they had an overpayment, and so contacted HMRC to find out why and when this had originated. It would also be helpful to emphasise or bring forward the paragraph explaining that these deductions will come from UC, as this information is commonly missed.
- **Increasing awareness of budgeting advice and advance payments** – claimants can receive budgeting advice during their transition to UC, and can apply for a loaned 'advance payment' if they feel they will struggle financially during the payment gap. Around half of those surveyed were aware of the advance payment and only a half of those aware decided to take it up. The qualitative research asked whether claimants were aware of the available budgeting advice, and few were. Those that were, felt they managed their money well and so just needed more money rather than advice on how to manage it. Raising awareness of both of these elements of support could prevent some financial hardship, therefore improving the claimant experience and reducing calls to HMRC/DWP.
- **A single, integrated guidance service** - a web chat or telephone helpline managed by both HMRC and DWP staff would mean claimants do not make multiple calls and/or duplicate calls, improving their experience and conserving HMRC/DWP resources.

Throughout the research, certain groups of claimants (such as those with health conditions, not working, with limited IT skills, those with a first language other than English, single claimants or private renters) experienced greater difficulties with the transition than others and are therefore more likely to require additional advice and assistance. Overall, providing clear and sufficient information before and during the transition to UC is critical to make the process easier for claimants and to reduce the burden on the departments.

---

<sup>27</sup> Please note that this research did not explore the preferred way to deliver the UC transfer pack in great detail

## 8 Appendices

### 8.1 Technical Appendix

#### 8.1.1 Qualitative methodology

The aim of the qualitative research was to focus on claimants' experience of the transfer of their individual debts to Universal Credit. A total of 40 face-to-face qualitative interviews with claimants with tax credits overpayments were conducted in two phases - between October 2016 and November 2016, and phase two interviews between February and March 2017. The interviews were phased to allow exploration of customer experience in the event of multiple debts, as phase two claimants had had more than one debt transferred to UC.

Sample was provided by HMRC and claimants were screened to ensure that they were fully or partially responsible for handling the claim. The 40 interviewees were split as below to ensure a range of experiences:

**Table 8.1: Sample breakdown**

<b>Qualitative participants</b>	
<b>Type of UC Claim:</b>	
Live service	9
Full service	31
Single claim	24
Joint claim	16
<b>Benefit History:</b>	
Tax credits only	15
Tax credits and other benefits	25
<b>Family Type:</b>	
Couple without children	1
Couples with children	14
Lone parents	15
Single claimants	10
<b>Tax credit Overpayment</b>	
Under £750	16
More than £750	24
Base	40

The in-depth hour-long interviews followed a semi-structured format and covered the following areas:

- Awareness and experience of transition from tax credits to Universal Credit
- Awareness and understanding of tax credits overpayments
- Process of making a claim and joint claims
- Managing with the payment gap
- Awareness of Universal Credit deductions
- Outbound communications with HMRC/DWP
- Areas for improvements

### **8.1.2 Qualitative analysis**

Qualitative analysis begins within the interview discussion itself. Within the session, the researcher continually weighs up the implications of what the participant says. Through this process of active listening and ‘weighing-up’ of feedback, the researcher exits the session with an initial view on the implications of the discussion.

Audio recordings of the discussions are transcribed or summarised in detail to a standardised template. The researcher uses the recording, the transcript/summary and any notes for personal analysis, re-immersing themselves in the content of what the participant said; the way in which they said it etc., to revisit – and potentially challenge – their initial view on the implications of the discussion.

This will involve triangulating feedback from different sections of the interview. Notes are made of key take-outs, illuminating quotations, and areas to explore further etc.

Individual analysis of each discussion is entered into an analysis framework, under headings relating to the objectives – allowing sessions to be compared/judgements made about the commonality of experiences. The framework would contain ‘demographic’ variables which allow the identification and analysis of different subgroups of participants.

Researchers will expand the framework to include summaries and ‘coding’ of participant opinions and behaviours, in order to develop their thinking about the different ‘types’ of experience and behaviour being seen.

IFF then conducts a Director-led analysis session, in which researchers develop their thinking regarding the findings/their implications. Individual researchers bring to the session their tentative interpretation of the findings. This will be discussed, with careful reference to the evidence, to verify our interpretation of the findings through researchers applying a degree of scrutiny and challenge to each other’s perspectives on what the findings mean. We welcome your participation in this session.

Qualitative research allows us to explore the experiences of individual claimants in rich detail, and provide genuine examples and stories. It is important to note however that these findings cannot be taken as representative of the claimant population, they are simply a detailed and useful window into the genuine experience of these particular

claimants; the use of words such as most, many, some, and few are illustrative of the data collected in this research only.

Any differences identified between different groups or types of people have been included in this report, so where none are reported, none were apparent.

### **8.1.3 Survey methodology and response rate**

The questionnaire was developed in cooperation with the Department for Work and Pensions (DWP) and HMRC. The main aim was to evaluate the experience of claimants as they change from tax credits to Universal Credit.

40 pilot interviews were carried out by telephone. Some questions were then altered for clarity and the overall length of the questionnaire was reduced.

The main survey fieldwork was conducted using Computer Assisted Telephone Interviewing (CATI) and interviews lasted an average of 23 minutes.

#### **Sample design**

The sample file was supplied by the DWP. 3,654 individual records of Full Service claimants were provided, 157 were reserved for the pilot interviews, 15 records were removed due to incorrect telephone number, and thus 3,482 records were available for mainstage fieldwork.

Fieldwork was conducted between 27 March and 20 April 2017 and between 19 June and 7 July 2017 (the gap in the middle was due to the 2017 General Election).

Respondents were asked whether they made a claim themselves. In total 1,004 full service claimants fulfilled the criteria and took part. This amounted to 29 per cent of the available contacts in the sample provided by DWP.

Since surveys typically represent the views of a sample population, sampling error must be considered when evaluating the findings. This is measured by the confidence level and interval of the data. Most commonly, market research studies require a 95 per cent confidence level, indicating that we can be 95 per cent confident that the estimate has not been arrived at by chance.

The confidence interval shows the variation that may exist in the findings drawn from a sample. For example, this survey shows that 93 per cent of those who responded included children in their UC claim. However, due to the intrinsic characteristics of sampling, this will be surrounded by a confidence interval, in this case  $\pm 1.33$  per cent. This indicates that the real figure (the true figure if the whole population were surveyed) lies somewhere between 91.7 per cent and 94.3 per cent.

The following table shows the confidence intervals for those findings that centre around 10 per cent or 90 per cent, 30 per cent or 70 per cent and 50 per cent given the total study sample size of 1004 (these assume a 95 per cent confidence level).

**Table 8.2: Confidence intervals**

Split on question (% responding)			
Sample size	10% or 90%	30% or 70%	50%
1004	±1.57	±2.39	±2.61

The survey data has been weighted by gender to realign the gender split to that of the starting sample.

**Table 8.3: Sample breakdown**

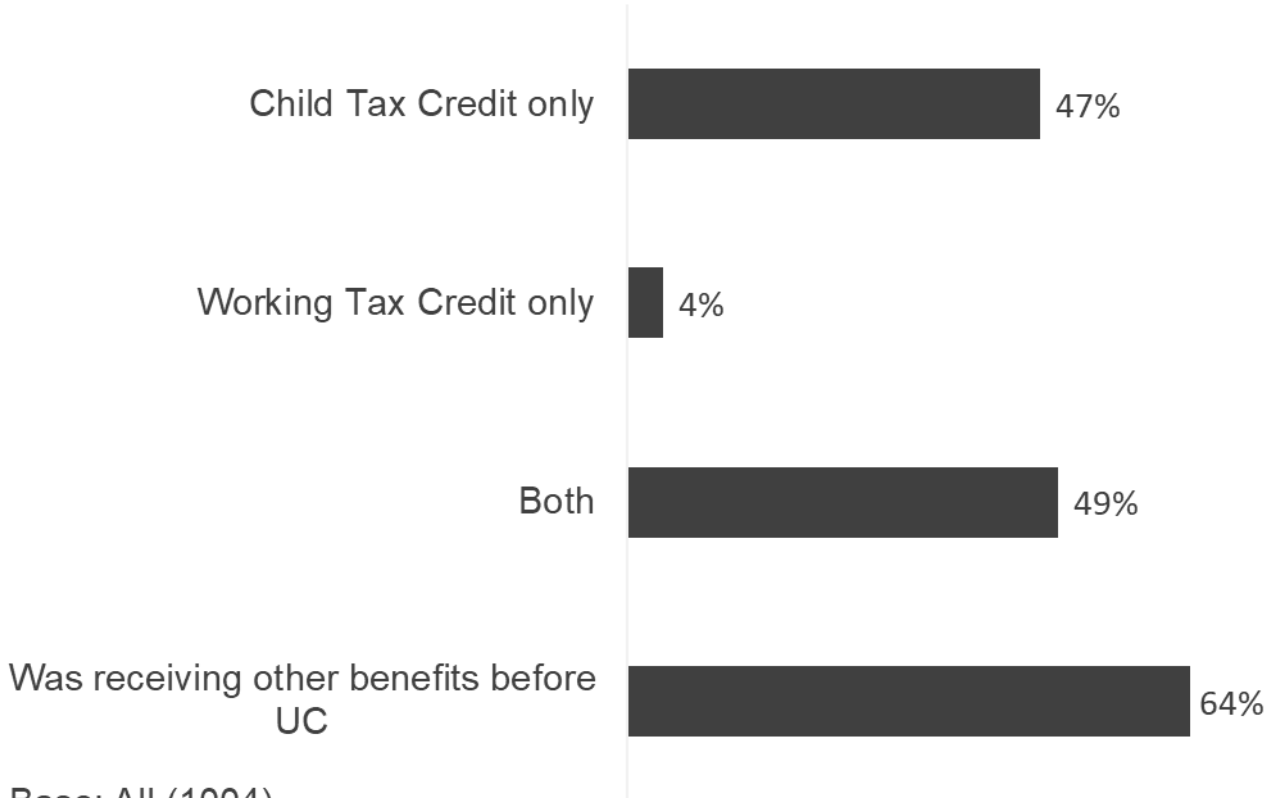
	Original sample	Respondents who completed the survey (unweighted)
	%	%
Male	23	19
Female	77	82
Single Claim	67	70
Couple Claim	33	30
Children	91	93
No children	9	6
Base	3,654	1004

### 8.1.4 Claimant profile

The subsequent section outlines the profile of UC claimants completing the survey. The data is weighted by gender to the profile of sample provided by DWP.

Around half of respondents (47 per cent) were claiming Child Tax Credits (CTC) only with the other half (49 per cent) claiming both CTC and Working Tax Credits (CTC). Nearly two thirds (64 per cent) were receiving other benefits before claiming UC.

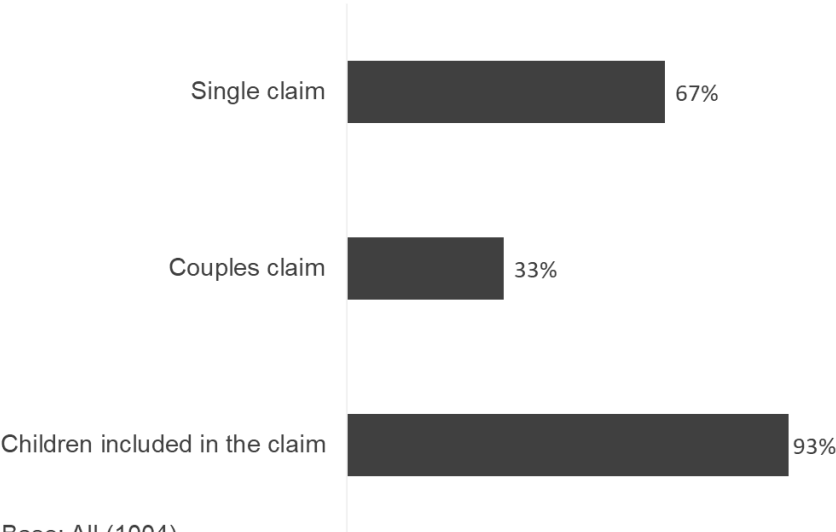
Figure 8.1: Type of Tax Credits/benefits



Base: All (1004).

The majority of respondents (93 per cent) included children in their claim. Two thirds (67 per cent) submitted a single claim. The remaining third (33 per cent) submitted their claim as a couple.

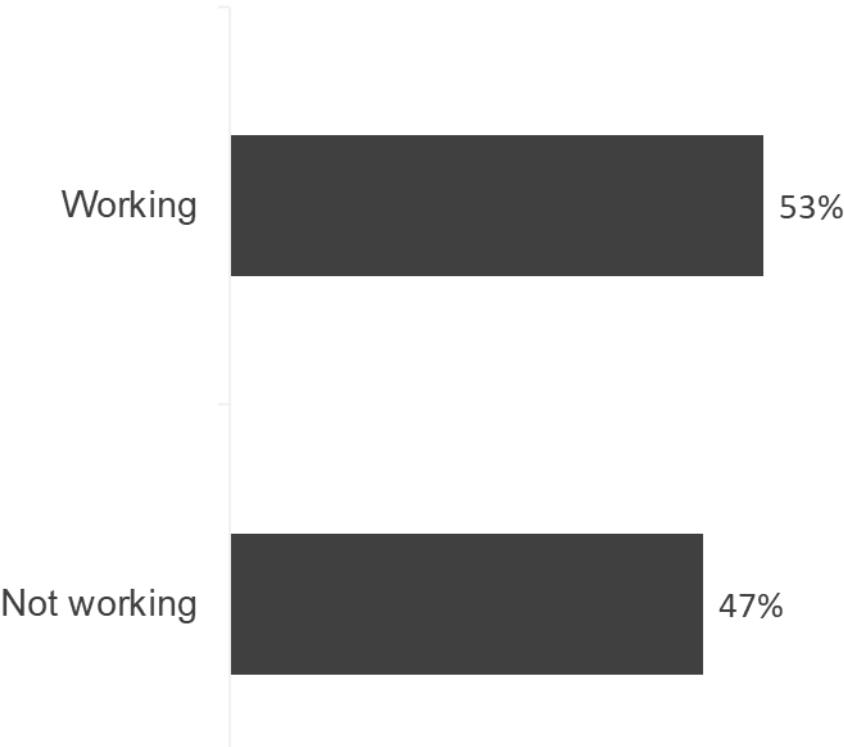
Figure 8.2: Type of Claim



Base: All (1004).

Over half (53 per cent) of respondents were working at the time of interview.

Figure 8.3: Working status



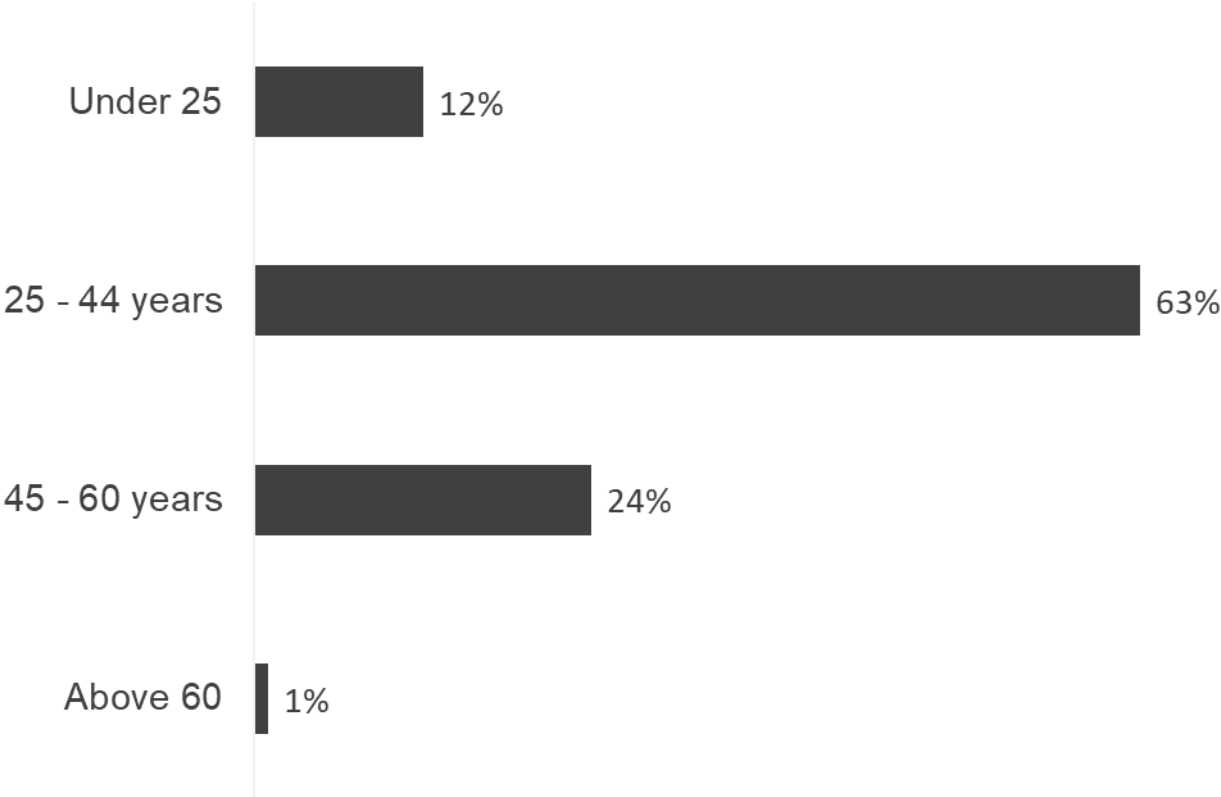
Base: All (1004).

The vast majority of respondents (98 per cent) had regular access to internet.

**Demographics**

Nearly two thirds of respondents (63 per cent) were aged 25-44. Only a small proportion (12 per cent) were under 25 years of age.

**Figure 8.4: Age**

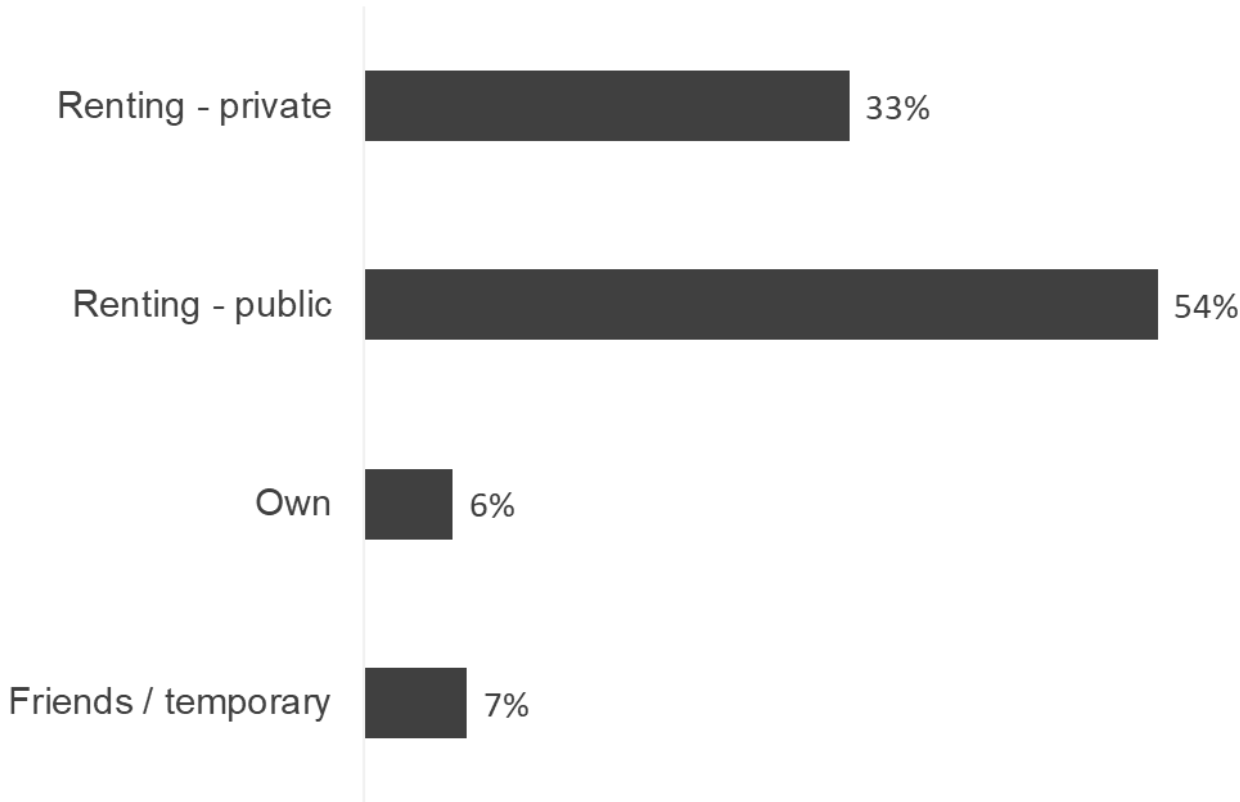


Base: All (1004).

The majority (87 per cent) were renting (privately or publicly). Only a small proportion (six per cent) were living in their own accommodation or had other temporary arrangement (seven per cent).



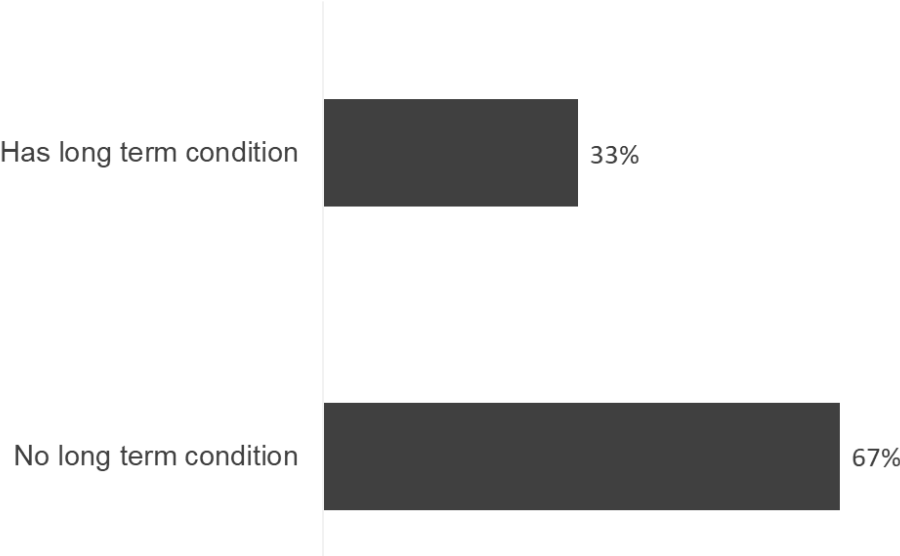
Figure 8.5: Housing Status



Base: All (1004).

Around a third of respondents (33 per cent) had a long-term health condition (for 12 months or more).

Figure 8.6: Health



Base: All (1004).

Only a small proportion (15 per cent) noted that English is not their main language.

## 8.2 Qualitative Discussion Guide

Transferring tax credits to UC

J5666

Face to face

---

### Introduction

- **Introduce self**
- **Introduce IFF Research**
- **Confidentiality**

All responses are anonymous and that information that can be linked back to individuals will not be passed on to anyone, including back to HMRC, DWP or any other Government Department.

- **Background:**

We are doing this research for HMRC and DWP, about the experience of moving from tax credits to Universal Credit. Your feedback will help to improve the process of changing benefits in the future.

Your Universal Credit claim will not be affected in any way by taking part in the research.

- **Explanation of interview:**

We'll talk today for around 45 minutes to an hour, about your experiences of moving from tax credits to Universal Credit. We will be plotting key dates and communications onto a timeline to help us think about the process you have been through chronologically. Before we get going could I have a quick look at the documents you've brought along today?

- **Recording**

Get permission to digitally record – transcribe for quotes, but no-one will be identifiable from this.

Interviewer note: please look through any documents and note down:

- "Letter about overpayments" (Debt transfer letter) (note if multiple, how many and dates);
- "Award Review Pack" (In-year finalisation letter/pack);
- The Renewals Pack;
- UC payment letter \*
- Other documents – titles, sender and date

During interview please refer to letters by their titles i.e. "letter about tax credits overpayments" or TC1131 and not internal terminology i.e. Debt transfer letter.

<h2>A Background</h2> <p>A1 <b>I'd like to start by learning a little about you. Can you tell me a bit about you and your household?</b></p> <ul style="list-style-type: none"><li>• How long have you lived at your current address?</li><li>• Who do you live with? Do you have children? How old are they?</li><li>• Are you renting (privately or social housing?) or do you own your home?</li></ul> <p>A2 <b>Are you working or studying at the moment?</b></p> <p>INTERVIEWER NOTE: PEOPLE MAY HAVE COMPLEX WORKING ARRANGEMENTS E.G. MULTIPLE JOBS / SELF EMPLOYED / STUDYING AND WORKING. PLEASE TAKE DETAILS.</p> <ul style="list-style-type: none"><li>• What kind of work do you do/what was your last job?<ul style="list-style-type: none"><li>○ PROBE: hours, sector, length of time in role</li></ul></li><li>• IF STUDYING: How long have you been studying this particular course/programme for?</li><li>• IF APPLICABLE: What about your partner – what kind of work do they do?</li></ul> <p>A3 <b>I'd now like to ask a few questions about your history of claiming tax credits. Can you tell me when you first began claiming tax credits (approximately)?</b></p> <p>A4 <b>How long were you claiming tax credits for (approximately)?</b></p> <ul style="list-style-type: none"><li>• WTC/CTC or both?</li><li>• Claimed continuously or had periods of not claiming?</li></ul> <p>A5 <b>Have you experience of claiming any other benefits?</b></p> <p><b>PROBE:</b> Can you tell me a little bit more about what benefits you have claimed and for how long</p> <p><b>IF SINGLE CLAIM</b></p> <p>A6 <b>And have you claimed tax credits jointly in the past with a partner?</b></p> <p><b>IF JOINT UNIVERSAL CREDIT CLAIM</b></p> <p>A7 <b>Were you making a joint claim for tax credits with your partner?</b></p>	<p><b>5 minutes</b></p> <p><b><u>Process notes:</u></b> <i>This section aims to warm up, participant, get them used to talking and responding to semi-structured questions</i></p>
--	--

**The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

A8 Before that, have you claimed tax credits with a different partner?	
--	--

## B Transfer to Universal Credit

READ OUT: I'd now like to talk about some changes that are being made to benefits

The aim of these changes is to make the benefits system simpler. The government is bringing together many in-work and out of work benefits, to create one single benefit called Universal Credit

### Finding out about Universal Credit

READ OUT: I understand that you are now claiming Universal Credit. I would like to ask some questions about that.

B1 Can you tell me a bit more about how you came to start claiming Universal Credit?

PROBE:

- Change of circumstances
- Understanding of what would happen
- Tried to claim TC or JSA/ another benefit but told to claim UC instead

B2 Did you get any information from anywhere else? Where?

PROMPT:

- Contact DWP/Jobcentre/HMRC (Why did you want to call DWP /HMRC? Is there any information you could have been given that means you would not have needed to contact them in this way?)
- Contact any other advice agency e.g. Citizens Advice
- Speak to friends or family
- Own research
- Nothing (PROBE: Whether this was because understood implications or because were ignoring it)

B3 THERE IS NO B3.

### Stopping receiving tax credits

B4 What did you understand would happen to your tax credits award?

- When did this become clear?

15 minutes

#### Process notes:

*This section will cover the transition to UC, when it happened, the information they were given and their understanding.*

*Interviewees will become eligible for UC as a result of changes such as:*

- *Moving out of work due to unemployment or sickness*
- *Moving into a joint claim with a Universal Credit claimant*

#### **Key points to plot on timeline:**

- **When they were made aware of transfer to UC**
- **Who by and how**
- **Action on finding out about UC**
- **When made claim for UC**

**The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

<ul style="list-style-type: none"> <li>• How did you feel about this?</li> <li>• Did you get any support with this from DWP/HMRC? Is there anything else that they could have done?</li> </ul> <p><b>IF DID NOT UNDERSTAND:</b></p> <p><b>READ OUT: The introduction of Universal Credit means that all people who currently claim tax credits and/or income-based Jobseeker's Allowance, income-related Employment and Support Allowance and Income Support will eventually move to Universal Credit. You are not able to claim tax credits and Universal Credit at the same time, once Universal Credit is claimed, HMRC will stop paying tax credits.</b></p> <p><b>B5 What was your experience of the move to Universal Credit?</b></p> <p><b>PROBE:</b></p> <ul style="list-style-type: none"> <li>• Any issues/challenges</li> <li>• Understanding/awareness</li> <li>• What expected</li> </ul> <p><b>B6 Did you notice a gap in your payment when moving over to Universal Credit?</b></p> <p><b>PROBE</b></p> <ul style="list-style-type: none"> <li>• How did you manage?</li> <li>• Ask for an advance?</li> </ul> <p><b>B7 What impact, if any, did you think that moving to Universal Credit would have on any other benefits you were claiming? How?</b></p>	<p><i>Other Benefits: housing benefit, JSA, Income Support, Employment Support Allowance</i></p> <p><b>Key points to plot on timeline:</b></p> <ul style="list-style-type: none"> <li>• When found out Tax Credits would be stopped?</li> <li>• How found out?</li> <li>• What did they find out?</li> </ul>
--	--

## C Mapping communications and follow-up

30 minutes

### Historical Overpayments

**READ OUT:** Now please think back to when you were receiving tax credits, before you moved to Universal Credit.

**C1 Do you know if you had ever been paid too much when receiving tax credits? IF YES: Do you know anything about why that happened?**

Sometimes, people receive more tax credits than they should. This is known as 'overpayment' and is usually because of a change in circumstances – e.g. loss of job, starting a new job, childcare arrangements, relationship status etc. – which changes their entitlement.

I understand that you have had an overpayment when you were still claiming tax credits.

**C2 Can you tell me what you remember about the history of this/these overpayment(s)?**

PROBE FOR: How it occurred, what caused the overpayment, how they found out, how they felt.

**C3 What did you do when you found out about the overpayment?**

PROBE FOR: Contact HMRC (PROBE: channel i.e. phone/email/online, number of times contacted), Contact any other advice agency e.g. Citizens Advice

- Outcome of contact

**C4 Were you paying these overpayments back?**

PROMPT: For example, were there any deductions made to your tax credit payments?

PROBE: Do you know of any other arrangements in place for paying back?

**C5 What do you think happens to your tax credit overpayment when you move to Universal Credit?**

ASK BELOW IF JOINT CLAIMS (FROM SAMPLE) OR IF HAVE PREVIOUSLY HAD A JOIN CLAIM (FROM A5)

### Process notes

*This section aims to establish all comms respondents (think) they received in relation to the transfer to UC. Specific and more in-depth probes have been developed for key comms of interest (i.e. the individual debt statement and in-year finalisation). Interviewers should use these probes as each letter emerges spontaneously. If they do not emerge spontaneously they should specifically prompt on them.*

### **Key points to plot on timeline:**

- **When overpayments occurred**
- **Plot (if)/ when understood/ told about overpayments being transferred?**

C6 Tax credit overpayments incurred by partners are usually split 50:50 between both partners in the household. Do you know what happens to the overpayment if that relationship ends?

READ OUT: The overpayment is split 50:50 and each partner takes their share with them.

C7 Do you have any experience of this situation?

- How did this work in practice?
- Did you experience any problems?
- Did you need further support?

C8 And what do you think of this?

- Does it make sense or is it confusing? Why?
- How else might it be handled?

C9 Do you know what happens to the overpayment when one partner enters a new relationship and claims Universal Credit with their new partner?

READ OUT: Both partners in the new relationship are responsible for the overpayment and deductions are made from their household Universal Credit amount (i.e. the new partner becomes responsible for part of the overpayment through deductions to their Universal Credit claim).

C10a Do you have any experience of this situation?

- How did this work in practice?
- Did you experience any problems?
- Did you need further support?

C10 And what do you think of this?

- Does it make sense or is it confusing? Why?
- How else might it be handled?

*INTERVIEWER NOTE: Should the new relationship subsequently fail and they part, the debt stays with its original owner, no element is recovered from the new partner's subsequent payments.*

Communications about moving overpayments from TC to UC



**READ OUT:** I'd like to understand your experience of moving from Tax Credits to Universal Credit, including what happened to your overpayments. I'd like to understand it as you experienced it, from start to finish. I will be jotting your experiences down on a 'timeline' as we go.

C11 Please briefly talk me through the process step by step, of moving from tax credits to Universal Credit – please tell me about letters you received, what you did as a result, what happened as a result, etc.

INTERVIEWER PLEASE:

1. NOTE ON THE TIMELINE:
  - **What communications** the individual received ABOUT THE TRANSFER, and when
  - **What individual did** as a result of receiving each letter (e.g. contact HMRC/contact CAB/did nothing), and why
  - **What happened** as a result of this action
  - **How they felt** about the communication they received/how easy to understand etc.
  
2. FOLLOW UP WITH QUESTIONS C12 ONWARDS ABOUT 2 SPECIFIC LETTERS:
  - First letter about tax credits overpayment (TC1131)
  - Award Review Pack (In Year Finalisation)
  - Subsequent letters about tax credits overpayment (TC1131)
  
3. PROBE AS FAR AS POSSIBLE ON INFORMATION/SUPPORT THEY WOULD NEED TO PREVENT CONTACTING HMRC/DWP
  - What action could have been taken to prevent it?
  - By whom, why?

<p>INTERVIEWER – ONCE CUSTOMER HAD SPONTANEOUSLY DISCUSSED THE JOURNEY FROM TC TO UC, PLEASE PROBE ON THE FOLLOWING SPECIFIC COMMS:</p> <p><b>Letter About Overpayments (TC1131) – recall/understanding</b></p> <p>C12 Do you remember receiving a letter about your tax credits overpayment/s (or a TC1131) after you began claiming Universal Credit?</p> <p>C13 <b>SHOW LETTER ABOUT OVERPAYMENTS</b> Do you remember receiving <u>this</u> letter?</p> <ul style="list-style-type: none"> <li>• Were you expecting the letter?</li> </ul> <p>C14 Why were you sent this letter? PROBE – what did you think would happen after receiving the letter?</p> <p><b>READ OUT:</b> This letter is explaining that your outstanding tax credit overpayment will be deducted from your Universal Credit payments.</p> <p>C15 What was your initial reaction when you received the letter? How did you feel about receiving it? PROBE:</p> <ul style="list-style-type: none"> <li>• Did you have any concerns? What? Why?</li> <li>• What did you think it was telling you to do as a result of receiving it?</li> <li>• Was it easy or difficult to understand?</li> </ul> <p><b>Letter About Overpayments (TC1131) – Action Taken</b></p> <p>C16 What did / would you do as a result of receiving this letter (if anything)?</p> <p>PROMPT:</p> <ul style="list-style-type: none"> <li>• Contact DWP/Job centre/HMRC</li> <li>• Contact any other advice agency e.g. Citizens Advice</li> <li>• Speak to friends or family</li> <li>• Own research/looked online</li> <li>• Nothing?</li> </ul>	<p><i>Letter entitled 'Your tax credits overpayments'.</i></p> <p><b>Internally this is called "Debt transfer letter"</b></p> <p><i>Those who do not recall - interviewer to show them which letter it is in their correspondence (if they have it), otherwise show the example copy and let them read it through.</i></p> <p><b>Key points to plot on timeline:</b></p> <ul style="list-style-type: none"> <li>• When received TC1131</li> <li>• Action(s) taken as a result – what &amp; when</li> <li>• Outcome of action(s)</li> <li>• Alternative paths i.e. what could have been done to prevent action</li> </ul>
---	--

<p><b>IF TOOK/ WOULD TAKE ACTION:</b> C17 <b>How did you/would you do this?</b></p> <p>PROMPT: Telephone? Letter? Email? Face to face?</p> <p>PROBE: Why? When?</p> <p><b>IF TOOK ACTION</b></p> <p>C18 <b>What was the outcome of this action/s?</b></p> <p>PROBE:</p> <ul style="list-style-type: none"><li>• Satisfied? Why/why not?</li><li>• Any further support from HMRC/DWP?</li><li>• Anything HMRC/DWP could have done so that you didn't take this action? What? When?</li></ul> <p><b>IF CONTACT DWP/HMRC:</b></p> <p>C19 <b>Is there any more information that DWP/HMRC could provide that would mean that you didn't need to contact them?</b></p> <p>PROBE:</p> <ul style="list-style-type: none"><li>• What</li><li>• When</li></ul> <p><b>IF DID NOTHING:</b></p> <p>C20 <b>Why did you not do anything when you received this letter?</b></p> <p>PROMPT: Did the letter tell you didn't need to respond?</p> <p>PROBE: Aware of overpayment? Not a concern? Too busy? Not a priority?</p>	<p><b>Key points to plot on timeline:</b></p> <ul style="list-style-type: none"><li>• Support received</li><li>• When completed form</li></ul>
---	--

### Award Review Pack – Recall & Understanding

C21 **SHOW 'AWARD REVIEW PACKS' – BOTH THE "REPLY VERSION" (WITH DECLARATION FORM) AND "NON-REPLY VERSION": Do you remember receiving either of these packs?**

C22 **What did you think the pack was about?**

PROBE:

- Why did you think you had been sent it?
- What do you/did you think would happen after receiving the letter?

**READ OUT:** *The 'award review pack' is a statement summarising your tax credits payments since April, your personal circumstances, and it MAY include a declaration form. These details are used to calculate whether you have been paid correctly for the year that you move to Universal Credit.*

C23 **What was/is your initial reaction to this pack?**

C24 **What do you think the main message of this pack is?**

**TAKE CUSTOMER THROUGH DUMMY PACK AND HIGHLIGHT: IMPORTANT: YOUR TAX CREDITS HAVE STOPPED – PLEASE READ THIS PACK'**

C25 **Did you notice this highlighted message?**

- Why/why not?
- What would make you notice if not?

C26 **INTERVIEWER** – please listen to understand whether the customer may also have received a **tax credits Award Renewals Notice** (which can look similar to the Review Pack).

IF NOTHING MENTIONED SPONTANEOUSLY, PROBE: **Did you receive any other letters around the same time, that reminded you of this pack at all?**

*Award Review Pack is internally called 'In Year Finalisation Pack'*

*Those who do not recall Award Review Pack: interviewer to show them which letter it is in their correspondence (if they have it), otherwise show the example copy and let them read it through.*

**Key points to plot on timeline:**

- **When received Review pack**
- **Action(s) taken as a result – what & when**
- **Outcome of action(s)**
- **Alternative paths i.e. what could have been done to prevent action(s)**

**Award Review Pack (In Year Finalisation) – Action Taken**

**C27 What did / would you do as a result of receiving this pack (if anything)?**

PROMPT:

- Contact DWP/Job centre/HMRC
- Contact any other advice agency e.g. Citizens Advice
- Speak to friends or family
- Own research/looked online
- Fill in any forms
- Nothing

**IF TOOK/ WOULD TAKE ACTION:**

**C28 How did you/would you do this?**

PROMPT: Telephone? Letter? Email? Face to face?

- Why this method?

**C29 What was the outcome of this action/s?**

PROMPT: Satisfied with the outcome? Why/why not?

**IF FILLED IN FORM:**

**C30 How did you find filling in the declaration form?**

PROMPT:

- Understanding of what needed to do
- Any support – who from

**C31 When did you return the completed declaration?**

<p><b>IF DO NOTHING: [NOTE – IT IS KEY TO FIND OUT WHY CUSTOMERS DID NOTHING IN RESPONSE TO THIS LETTER/PACK]</b></p> <p><b>C32 Why did you not do anything when you received this letter?</b></p> <p>PROMPT:</p> <ul style="list-style-type: none"> <li>• Did the letter tell you didn't need to respond?</li> <li>• Did you assume you didn't need to?</li> <li>• Did you not understand it?</li> <li>• Anything else?</li> </ul> <p><b>Multiple letters on overpayments – Recall &amp; Understanding</b></p> <p><b>C33 Do you remember receiving <u>another</u> letter about your tax credits overpayment/s (or a TC1131)?</b></p> <p><b>C34 SHOW LETTER ABOUT OVERPAYMENTS Do you remember receiving another letter / letters like <u>this</u>?</b></p> <ul style="list-style-type: none"> <li>• Were you expecting another letter(s)?</li> </ul> <p><b>C35 Why do you think were you sent this letter(s)?</b></p> <p><b>C36 Do you think this letter(s) is the same or different to the first letter you received?</b></p> <p><b>C37 How do you think these two overpayments are connected, if you think they are connected at all?</b></p> <p>PROMPT IF NECESSARY: <b>do you think the second one is a combined total, of the first and second payment? or it replaces the first? Or it is a totally separate payment in addition to the first one? Or something else?</b></p> <p><b>C38 What did you think would happen after receiving the letter?</b></p> <p><b>C39 How do you think HMRC will recover this overpayment?</b></p> <ul style="list-style-type: none"> <li>• Why do you think this?</li> </ul>	<p><i>Letter entitled 'Your tax credits overpayments'.</i></p> <p><i>Customers will have received more than one debt statement / TC1131. They will have received these after the Annual Review Pack. These relate to TC debts for the 15/16 and 16/17 tax years.</i></p> <p><i>The letter looks/is the same.</i></p> <p><i>.</i></p> <p><i>Nb. Amounts owed are <u>additional</u> to the amount shown in the initial letter. I.e. customers owe more than was set out in the first letter, each letter is an additional amount – NOT CUMULATIVE</i></p> <p><b>Key points to plot on timeline:</b></p> <ul style="list-style-type: none"> <li>• <b>When received additional TC1131(s)</b></li> </ul>
--	---

<p>C40 <b>READ OUT:</b> This letter shows any further outstanding tax credit overpayments that have been calculated for the most recent financial years. This is in <u>addition</u> to the overpayment HMRC wrote to you about in [refer back to date of first IDS]. Overpayments will be deducted from your Universal Credit payment.</p> <p>C41 Is / was it clear the letter was saying that?</p> <p>C42 Could that have been made clearer? How?</p> <p><b>Multiple letters on overpayments – Action Taken</b></p> <p>C43 <b>What did / would you do as a result of receiving this latest letter (if anything)?</b></p> <p>PROMPT:</p> <ul style="list-style-type: none"><li>● Contact DWP/Job centre/HMRC</li><li>● Contact any other advice agency e.g. Citizens Advice</li><li>● Speak to friends or family</li><li>● Own research/looked online</li><li>● Nothing?</li><li>● IF DIDN'T UNDERSTAND SECOND LETTER AT C40: <b>Would you have taken different action if you had understood the letter? What would you have done differently? Why?</b></li></ul> <p><b>IF TOOK/ WOULD TAKE ACTION:</b></p> <p>C44 <b>How did you/would you do this?</b></p> <p>PROMPT: Telephone? Letter? Email? Face to face?</p> <p>PROBE: Why? When?</p> <p><b>IF TOOK ACTION</b></p> <p>C45 <b>What was the outcome of this action/s?</b></p> <p>PROBE:</p> <ul style="list-style-type: none"><li>● Satisfied? Why/why not?</li><li>● Any further support from HMRC/DWP?</li></ul>	<ul style="list-style-type: none"><li>● Action(s) taken as a result – what &amp; when</li><li>● Outcome of action(s)</li><li>● Alternative paths i.e. what could have been done to prevent action</li></ul>
---	---

- Anything HMRC/DWP could have done so that you didn't take this action? What? When?

**IF CONTACT DWP/HMRC:**

**C46 Is there any more information / support that DWP/HMRC could provide that would mean that you didn't need to contact them?**

PROBE:

- What
- When

**IF DID NOTHING:**

**C47 Why did you not do anything when you received this letter?**

PROMPT: Did the letter tell you didn't need to respond?

PROBE: Aware of overpayment? Not a concern? Too busy? Not a priority?

**ASK ALL**

**C48 So can we just summarise all of the times you contacted HMRC or DWP, or the Jobcentre, or the Service Centre, and why...**

**C49 And for each, can I ask if there is anything that could have prevented you needing to make this contact?**

Who did they contact? (and how?)	Why?	What could have prevented this, if anything?



10 minutes

## D UC Payment Arrangements

I'd now like to talk about your Universal Credit payments. We discussed earlier that your Tax Credit overpayments will be transferred to DWP for deduction from your Universal Credit payments.

**ASK ALL:**

D1 **What do you know about how your Universal Credit amount is calculated?**

PROBE: Was it the amount that you were expecting? Why/not?

D2 **Have you noticed any deductions from your Universal Credit payments?**

**IF YES**

- **Do you know what these are for? (Tax Credit deductions? Other deductions?)**

PROBE: Tax Credit deductions/other deductions [note other deductions for D7 onwards]

- **How did you find out what the deductions were for?**
- **Did you expect these deductions to come out of your payment, before they did?**
- **Did you know how much the deductions would be?**

**IF FULL SERVICE AND NOT AWARE OF DEDUCTIONS, OR DON'T KNOW WHAT THEY'RE FOR:** Would you be willing to log on to check whether you have had any deductions and what they are for?

**READ OUT:** This is entirely voluntary. You do not have to log on and you do not have to tell us if you do have any deductions. But if you are willing to, we would be interested to know whether any deductions are being made from your Universal Credit payments and what these are for.

D3 **Have you made an enquiry about these deductions? To whom (DWP / HMRC / other e.g. Citizens advice?)**

**IF HAVE NOTICED OTHER (not tax credit) DEDUCTIONS:**

*Letter entitled 'Your Universal Credit monthly payment'.*

*Individuals in live service areas should have this letter setting out how their UC payment is calculated. If an individual has made a digital/full service claim, this information will be available in their online account.*

*If not show example copy of letter.*

**Key points to plot on timeline:**

- **Date first payment**
- **When deductions started**
- **What did as a result (if anything)**

**The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

<p>D4 <b>How much do you know about what these deductions are for?</b></p> <p>IF KNOW WHAT DEDUCTIONS ARE FOR:</p> <p>D5 <b>How do you know what they are for? / How did you find out?</b></p> <p>IF DON'T KNOW WHAT DEDUCTIONS ARE FOR:</p> <p>D6 <b>Would you like to know? Why/why not? How would you like this communicated to you?</b></p> <p>D7 <b>Have you made an enquiry about these deductions? To who (DWP / HMRC / other e.g. Citizens advice?)</b></p> <p>IF HAVE MADE ENQUIRY ABOUT DEDUCTIONS:</p> <p>D8 <b>What did you want to know?</b></p> <p>D9 <b>How / what format (e.g. Letter, email, telephone, face-to-face).</b></p> <p>D10 <b>What was the outcome? Were you satisfied with the outcome?</b></p> <p>D11 <b>Is there anything that DWP could have done so that you didn't need to take this action?</b></p> <p>ASK ALL:</p> <p>D12 <b>When moving from tax credits to Universal Credit, were you aware that budgeting support and advice was available to you?</b></p> <p>D13 <b>IF YES: Did you make use of this advice/support? Why / why not?</b></p> <p>D14 <b>IF NO: If you had known about it, would you have made use of this advice/support? Why / why not?</b></p> <p>D15 <b>Is there anything that the Department for Work and Pensions could have done or communicated to help you better understand your overpayments?</b></p> <p><b>PROBE:</b></p> <ul style="list-style-type: none"><li>• Timing of communication</li><li>• Frequency of communication</li><li>• Type of communication (letter, online, telephone)</li></ul>	
---	--

D16 And finally what, if any, information would you find useful to have on an on-going basis about any overpayments you have?

**PROBE:**

- What would you like to know? And how often?
- In what format would you like the information? (email / letter / text alert / online account?)
- IF NOT MENTIONED, SPECIFICALLY PROBE:
  - For example, would an outstanding balance be useful? How often?
  - Would you like to know how much is going out and when?

<p><b>E Improvements</b></p> <p>I would now just like to sum up and check we haven't missed anything...</p> <p><b>E1 Thinking specifically about the process of transferring your tax credit overpayment to Universal Credit, is there anything you think should have gone / been done differently? Why / Why not?</b></p> <p>IF YES:</p> <ul style="list-style-type: none"> <li>● When? [PLOT ON TIMELINE]</li> <li>● How?</li> <li>● By whom?</li> </ul> <p><b>E2 Thinking about the communications you have received about transferring to Universal Credit and your overpayments:</b></p> <ul style="list-style-type: none"> <li>● What did you think about the <i>amount</i> of communication you received in this period?</li> <li>● Was it clear <i>who</i> those communications were coming from?</li> <li>● What do you think about the <i>timing</i> of communications? (PROBE specifically for timing of "Letter About overpayments (IDS) – multiple and Award Review Pack (IYF).</li> </ul> <p><b>E3 How do you like to <u>receive</u> information about your benefits?</b></p> <p><b>PROMPT: by post/ through an online account/ on an email?</b></p> <p><b>E4 How do you like to <u>seek</u> information about your benefits, for example if you have a query or don't understand something?</b></p> <p><b>PROMPT: by phone, face to face, by email, through an online account?</b></p> <p>IF NOT MENTION ONLINE: <b>How would you feel about accessing / seeking this information online? Why? If NO - what are the things that you would be worried about? Could anything change how you feel about this? (e.g. support/ training/ etc.)</b></p> <p><b>E5 Is there any other information that you would have liked? Why / why not?</b></p>	<p>10 minutes max (very likely to have been covered before)</p> <p><b><u>Process notes</u></b>  <i>This section is intended as a means to collect any final and overarching thoughts on the journey from TC to UC. We anticipate that this may have come out spontaneously during the interview but feel it is worthwhile to check here that we have these answers.</i></p> <p><i>We are particularly interested whether people feel that multiple letters about overpayment feels like a lot of paper landing on their doorsteps And what the impact of that is.</i></p> <p><b>Key dates to plot on the timeline:</b></p>
--	--

**The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants**

<p>IF YES:</p> <ul style="list-style-type: none"><li>● When? <b>[PLOT ON TIMELINE]</b></li><li>● In what format (e.g. Letter, email, telephone, face-to-face)</li><li>● From whom?</li></ul> <p><b>ASK ALL:</b></p> <p><b>E6 Do you have any other comments you would like to make about what we have been discussing today?</b></p>	<ul style="list-style-type: none"><li>● <i>Any points at which they would have liked communication / action / something done differently</i></li></ul>
--	--