Department for Work & Pensions

Fraud and Error in the Benefit System

2018/19 Estimates

Data for 2005/06 to 2018/19

● Annual   **Published: 9 May 2019**
Great Britain

The Department for Work and Pensions pays welfare benefits to around 20 million people. 'Fraud and Error in the Benefit System' estimates how much money the department incorrectly pays, either by paying people too much benefit – **overpayments**, or by not paying enough benefit – **underpayments**. We calculate this as a percentage of the total amount of benefit we pay – expenditure. Overpayments and underpayments happen as a consequence of fraud; claimant error; and official error (processing errors or delays by DWP, a Local Authority, or Her Majesty's Revenue and Customs). The Department can recover overpayments from people so we can describe a figure which 'nets off' recoveries from overpayments – net loss. The estimates in this publication relate to reviews carried out October 2017 - September 2018 (except Personal Independence Payment reviews, which were carried out August 2017 - July 2018). The rates found are then applied to the expenditure for 2018/19 to estimate the monetary amount of fraud and error. Comparisons are made from 2005/06 onwards due to a prior change in methodology (see Background and Methodology)

Main stories

2.2% of benefit expenditure was overpaid in 2018/19

This remained the same as in 2017/18.
It amounted to **£4.1bn** of overpayments.
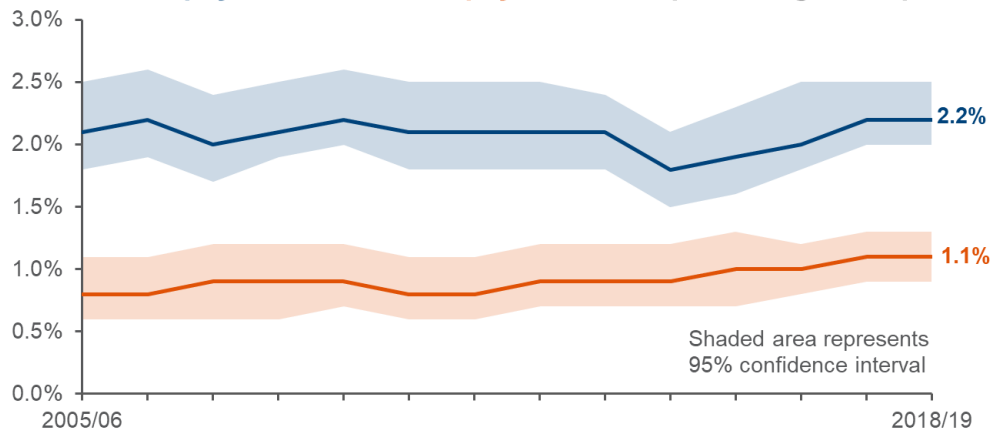This is the joint highest recorded rate (see page 3).

1.1% of benefit expenditure was underpaid in 2018/19

This remained the same as in 2017/18.
It amounted to **£2.0bn** of underpayments.
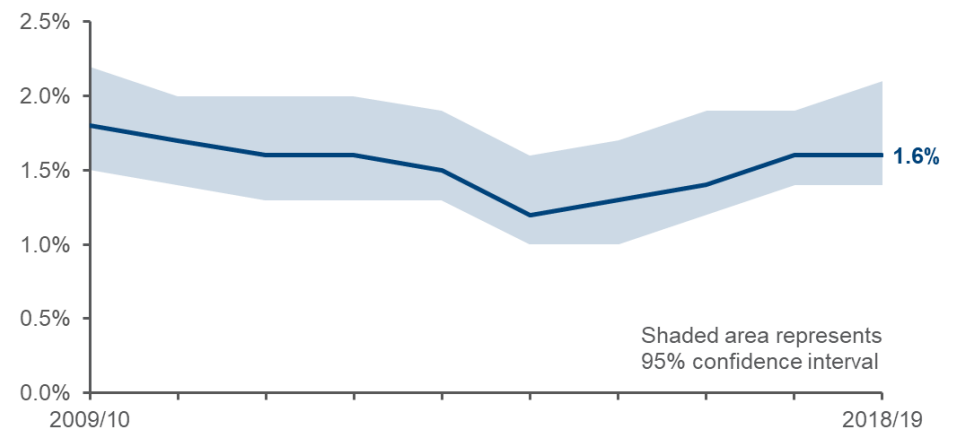This is the joint highest recorded rate (see page 3).

Net Government loss from overpayments was 1.6% of benefit expenditure

This remained the same as in 2017/18.
£1.1bn of overpayments were recovered in 2018/19 so the net Government loss was **£3.0bn**.

Overall overpayments and underpayments as a percentage of expenditure

Shaded area represents 95% confidence interval

2.2%
1.1%

2005/06 — 2018/19

Net loss from overpayments as a percentage of expenditure

Shaded area represents 95% confidence interval

1.6%

2009/10 — 2018/19

What you need to know

At a glance

In this document

This document contains estimates of the level of fraud and error in the benefit system. The main measure we use is the percentage of benefit expenditure that is overpaid or underpaid. We also show this as an amount in pounds. The amount in pounds could go up, even if the percentage stays the same, if the amount of benefit we pay out in total goes up. The amounts in pounds are not adjusted for inflation. When comparing over time, we recommend comparing percentage rates rather than monetary amounts for these reasons.

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

Published tables and data

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

How we measure fraud and error

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

- **Fraud**: Cases where all three of the following conditions apply:
  - The conditions for receipt of benefit, or the rate of benefit in payment, are not being met
  - The claimant can reasonably be expected to be aware of the effect on entitlement
  - Benefit stops or reduces as a result of the review.
- **Claimant Error**: The claimant has provided inaccurate or incomplete information, or failed to report a change in their circumstances, but there is no evidence of fraudulent intent on the claimant's part.
- **Official Error**: Benefit has been paid incorrectly due to a failure to act, a delay or a mistaken assessment by the DWP, a Local Authority or Her Majesty's Revenue and Customs to which no one outside of that department has materially contributed, regardless of whether the business unit has processed the information.

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

Statistical Significance and Confidence Intervals

These estimates are based on a sample of benefit claims receiving a monetary payment. Choosing a different sample might give us a different estimate. The figure we quote is the central estimate. We also show a range around the central estimate, called a **Confidence Interval.** A simplified view of this is that we are 95% sure that the true value lies within this interval (for a more detailed explanation please see our variance and confidence intervals document).

Statistical significance is an expression that says whether an estimated value is likely to have arisen only from variations in the sampling. It is most often used when talking about a change or a difference: a *significant change or difference* is one that is not likely to be due only to the sampling, and is therefore likely to be a real change/difference. In this publication we note when changes since the previous year are statistically significant by marking them with an asterisk (*). In order to give an indication of trends over time, we mention when the central estimates for benefits are at their highest recorded rates. Due to sampling error it may be that the real rate could be lower than previous years.

Total overpayments and underpayments remained the same as in 2017/18, at their highest recorded rates

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

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

Overpayments and underpayments on continuously reviewed benefits: 2018/19

Benefit	Overpayment rate (monetary value)	Underpayment rate (monetary value)
Housing Benefit	6.4% (£1,340m)	1.6% (£340m)
Employment and Support Allowance	4.0% (£600m)	3.2% (£470m)
Pension Credit	5.0% (£260m)	2.7% (£140m)
Jobseeker's Allowance	6.5% (£90m)	1.3% (£20m)
Universal Credit	8.6% (£680m)	1.3% (£100m)
Personal Independence Payment	3.5% (£370m)	3.8% (£400m)

The estimate of the total rate of overpayments in 2018/19 remained the same as in 2017/18. The confidence interval around the 2018/19 estimate of 2.2% – as shown on the chart on the first page – means we think the true value lies between 2.0% and 2.5%.

The estimate of the total rate of overpayments (2.2%) is the joint highest recorded rate. It was at this level in 2017/18 and has also been at this level previously.

The estimate of the monetary value of overpayments was £4.1bn. This compares to £3.8bn for overpayments in 2017/18. Benefit expenditure increased from £177.3bn in 2017/18 to £183.5bn in 2018/19.

Fraud overpayments were at their joint highest estimated level, the same as in 2017/18. They have been at this level since 2016/17.

For individual benefits, Jobseeker's Allowance, Universal Credit and Personal Independence Payment all had their highest **overpayment** rates on record in 2018/19. None of the changes to total overpayment rates for individual benefits were statistically significant.

The estimate of the total rate of underpayments in 2018/19 also remained the same as in 2017/18, at 1.1%, the highest recorded rate.

The estimate of the monetary value of underpayments was £2.0bn. This compares to £1.9bn for underpayments in 2017/18.

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

For individual benefits, Employment and Support Allowance and Jobseeker's Allowance had their highest **underpayment** rates on record in 2018/19. None of the changes to total underpayment rates for individual benefits were statistically significant.

Net loss from overpayments

The Department can recover overpayments from people – this means not all of the £4.1bn is lost, and we can describe a net figure which "nets off" recoveries from total overpayments. In 2018/19, we recovered £1.1bn of overpayments (£0.7bn Housing Benefit and £0.4bn other DWP benefits), the same as in 2017/18. **The net rate of loss from overpayments in 2018/19 was 1.6%, or £3.0bn.** The rate remained the same as in 2017/18 but the amount of money lost increased because benefit expenditure increased.

Housing Benefit (HB) overpayments and underpayments remained broadly the same

People get Housing Benefit to help pay rent if they are on a low income. How much they get depends on their income and circumstances. Unemployed, working, or retired people can apply for Housing Benefit, as can people who are ill or disabled.

Since most HB is paid to working age (WA) claimants, trends in the WA results have most impact on the overall results. A decrease in WA fraud was the driver behind the overall decrease, though the changes were not statistically significant.

Time series of the percentage overpaid due to fraud and the percentage overpaid in total, for HB working age and overall HB – 2005/06 to 2018/19.
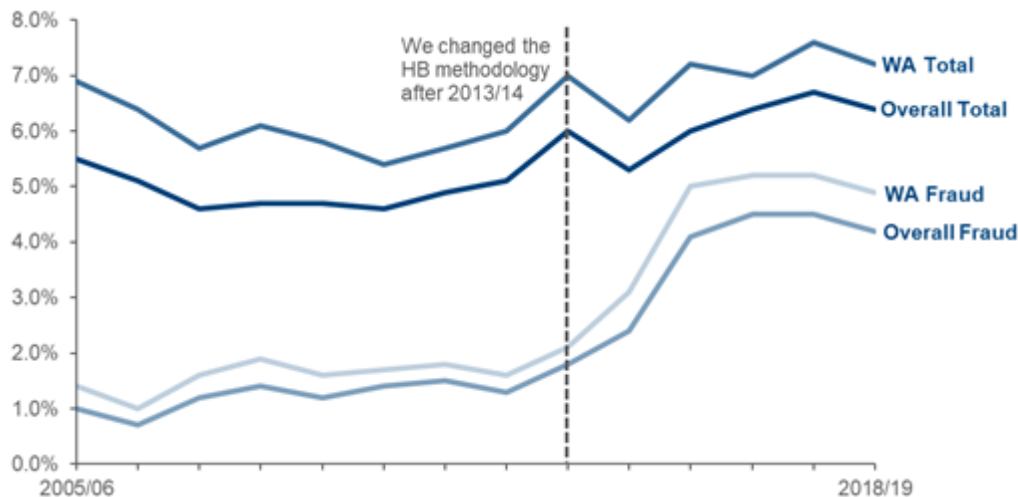
The main drivers behind the decrease in working age fraud overpayments were decreases to both Earnings/Employment and Loss of Claimant Contact, though the changes were not statistically significant.

Difference in the percentage of expenditure for HB working age fraud overpayments between 2017/18 and 2018/19, split by error reason.
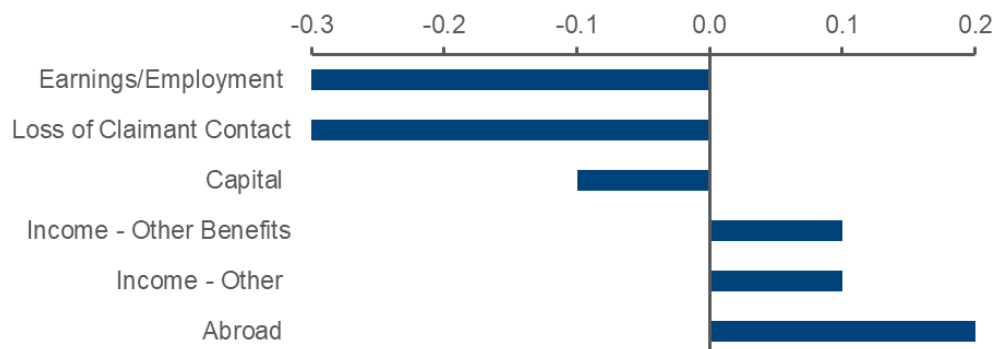
Overpayments on Housing Benefit remained broadly the same, with the decrease from 6.7% in 2017/18 to 6.4% in 2018/19 not being statistically significant. The monetary value of overpayments fell from £1,480m to £1,340m, partially due to a fall in overpayments and partially due to a fall in expenditure, which fell from £22.3bn in 2017/18 to £20.8bn in 2018/19. HB expenditure is higher than the amount paid out for the other benefits that we measure every year, but it is falling as some claimants are now on Universal Credit instead.

Overpayments fell due to a decrease in fraud, from 4.5% in 2017/18 to 4.2% in 2018/19, though the change was not statistically significant. The rate of fraud overpayments had remained broadly the same since a statistically significant increase in 2015/16. Claimant error and official error both remained broadly the same as in 2017/18.

HB is paid to people of both working age and pension age, with around 72% of expenditure being paid to working age claimants. Overpayments were higher for the working age group, at 7.2% of expenditure (£1,080m of the total £1,340m overpaid in 2018/19), compared to 4.4% for pension age claimants. This is because the main cause of overpayments on Housing Benefit is incorrect information about earnings and employment (e.g. people not telling us what they have been paid), which mainly applies to working age people.

A decrease in working age fraud overpayments was driven by a decrease in incorrect information about earnings and employment, alongside a decrease in loss of claimant contact. This led to decreases in overall fraud and overall overpayments because most HB expenditure is paid to working age claimants. None of these changes were statistically significant.

Underpayments on Housing Benefit remained broadly the same as in 2017/18, though the estimated rate was a little lower, at 1.6% compared to 1.7% in 2017/18. The monetary value of underpayments fell from £370m to £340m.

Most underpayments on Housing Benefit were because of claimant error (1.2%), with the remainder (0.4%) being due to official error. Claimant error and official error both remained the same as in 2017/18.
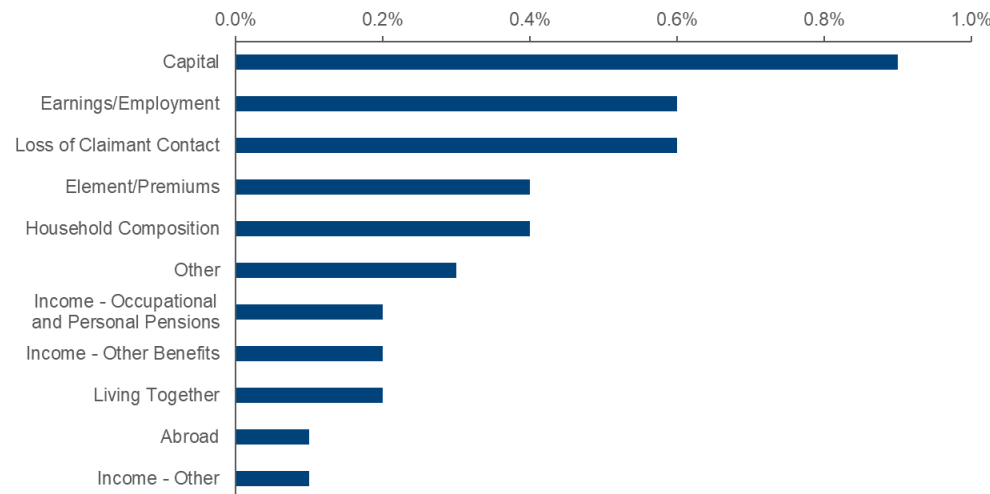
As with overpayments, underpayments were higher for working age claimants, at 2.0%, compared to 0.8% for pension age claimants. Working age claimants were underpaid £300m and incorrect information about earnings and employment was the main cause, at 1.1% of expenditure. These underpayments were mainly due to claimant error, which accounted for 1.0% of expenditure.

Employment and Support Allowance (ESA) overpayments and underpayments remained broadly the same. Underpayments were at their highest recorded rate in 2018/19

Employment and Support Allowance is paid to people who are unable to work due to illness or disability and provides personalised help to move into or return to work for those who can.

As was the case in 2017/18, Capital and Earnings/Employment were the two biggest causes of ESA overpayments, accounting for almost 40% of overpayments.
2018/19 ESA overpayment rate split by error reason

ESA official error underpayments were at their highest recorded level in 2018/19 – the increase was statistically significant.
Time series of the rate of ESA official error underpayments – 2013/14 to 2018/19.

Shaded area represents 95% confidence interval
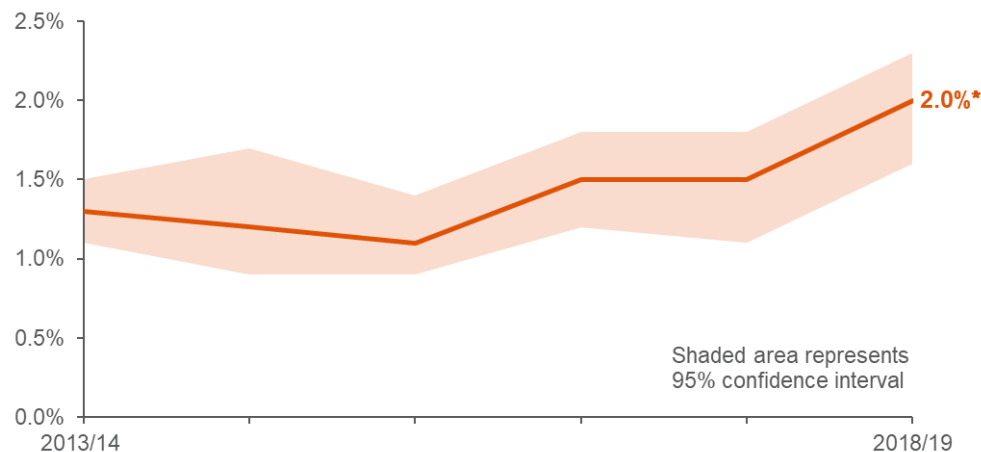
Overpayments on Employment and Support Allowance remained broadly the same as in 2017/18. Although the estimated rate was a little lower, at 4.0% compared to 4.1% in 2017/18, the change was not statistically significant. The total monetary value overpaid on ESA was £600m, a decrease of £20m since 2017/18.

The largest cause of overpayments, at 0.9% of expenditure was incorrect information about capital, for example the amount of money in bank or building society accounts. Errors due to incorrect information about earnings and employment (e.g. people not telling us what they have been paid) were another key reason for ESA overpayments.

The rate of underpayments on Employment and Support Allowance was 3.2% in 2018/19, the highest level recorded, though the change from 2.8% in 2017/18 was not statistically significant. The total monetary value underpaid on ESA was £470m, an increase of £50m since 2017/18.

The increase in underpayments was mainly due to a rise in official error from 1.5% to 2.0%*, the highest recorded level. This was a statistically significant increase. It was mainly due to an increase in errors relating to premiums, which increased from 0.9% to 1.2%. Premiums are extra amounts of money that people can be paid on some benefits, for example people may receive premiums because of disability. These errors were the main cause of underpayments on ESA, at £173m.

Another large cause of underpayments was incorrect information around income from other benefits, at £148m. These errors were mainly claimant error (£142m). Together with premiums errors, these accounted for over 65% of all ESA underpayments.

These two reasons can often relate to the same thing:
- DWP failing to pay one of the disability premiums when they have information about the claimant receiving one of the qualifying benefits that they must get for the premium to be awarded (this would be categorised as 'premiums' official error);
- or a claimant not telling DWP about changes to other benefits they have, or that someone else is getting for looking after them, that would allow them to receive a premium, which the ESA area of DWP don't know about (this would be categorised as 'income – other benefits' claimant error).

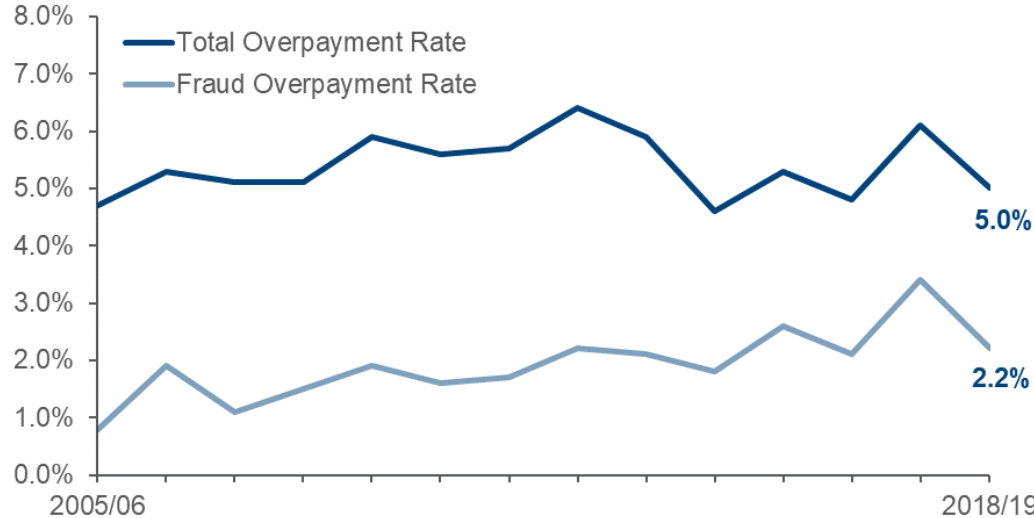*Change from 2017/18 is statistically significant*

Pension Credit (PC) overpayments and underpayments remained broadly the same

Pension Credit provides support to people who have reached State Pension age. Guarantee Credit tops up any other income to a 'standard minimum guarantee' amount and additional amounts may be payable in certain circumstances, for example, severe disability. Savings Credit is an extra payment for those who have made some additional provision for their retirement through, for example, an occupational pension or savings. Those reaching State Pension age from 6th April 2016 are not eligible for Savings Credit.

PC overpayments decreased due to a decrease in fraud, though the changes were not statistically significant.

Time series of the rate of PC overpayments and PC fraud overpayments – 2005/06 to 2018/19.

The largest change in Pension Credit fraud overpayments between 2017/18 and 2018/19 was to Abroad, though the change was not statistically significant.

Difference in the percentage of expenditure for PC fraud overpayments between 2017/18 and 2018/19, split by error reason.
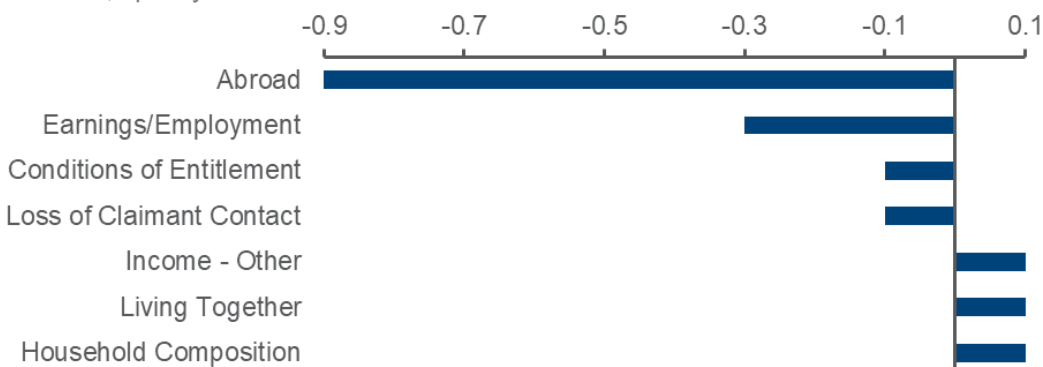
Overpayments on Pension Credit remained broadly the same, with the decrease from 6.1% in 2017/18 to 5.0% in 2018/19 not being statistically significant.

The total monetary value overpaid on Pension Credit was £260m, down from £340m in 2017/18.

Overpayments fell due to a decrease in fraud, from 3.4% in 2017/18 to 2.2% in 2018/19, though the change was not statistically significant. Claimant error and official error both remained broadly the same as in 2017/18.

The main cause of the fall in fraud overpayments was a decrease in people being abroad for longer than the rules on the benefit allow. These errors accounted for 0.5% of expenditure overpaid (£25m) in 2018/19, down from 1.4% (£75m) in 2017/18, when abroad errors were the largest cause of PC overpayments. This change, however, was not statistically significant.

Incorrect information about capital (e.g. the amount of money in bank or building society accounts) was the largest cause of overpayments in 2018/19, with a total amount of £47m. The percentage of expenditure overpaid due to capital errors remained the same as in 2017/18, at 0.9%.

Underpayments on Pension Credit remained broadly the same as in 2017/18. Although the estimated rate was a little lower, at 2.7% compared to 2.8% in 2017/18, the change was not statistically significant.

The monetary value of underpayments was £140m, down from £150m in 2017/18.

Claimant error underpayments accounted for 1.6% of expenditure and the rest were due to official error (1.1%). Claimant error and official error both remained broadly the same when compared to 2017/18.

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Jobseeker's Allowance (JSA) overpayments and underpayments remained broadly the same. Both were at their highest recorded rates in 2018/19

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

JSA overpayments were at their highest recorded level in 2018/19. Most overpayments were because of fraud.

Time series of the rate of JSA overpayments and JSA overpayments split by error type (into fraud, claimant error [CE] and official error [OE]) – 2005/06 to 2018/19.

JSA underpayments remained at their 2017/18 highest recorded level in 2018/19.

Time series of the rate of JSA underpayments – 2005/06 to 2018/19.
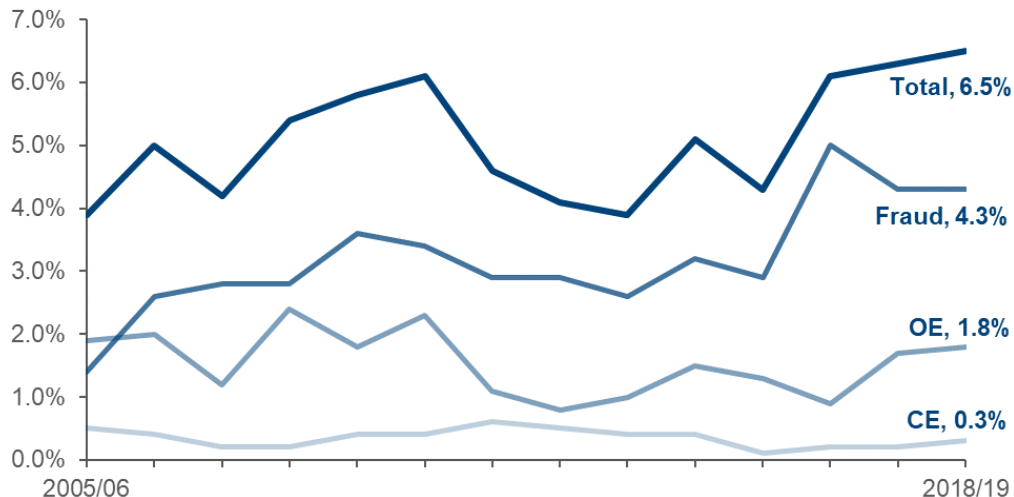
The rate of overpayments on Jobseeker's Allowance was 6.5% in 2018/19, the highest level recorded, although the change from 6.3% in 2017/18 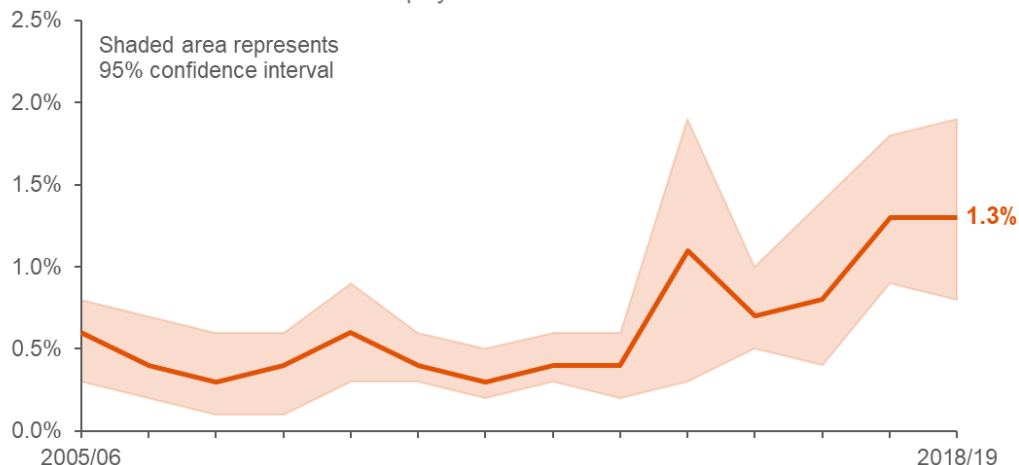was not statistically significant. The amount of money overpaid fell from £110m in 2017/18 to £90m in 2018/19 because the expenditure on JSA dropped from £1.7bn to £1.3bn.

Most overpayments on JSA in 2018/19 were because of fraud. Of the 6.5% of expenditure overpaid, 4.3% was due to fraud, 1.8% was due to official error and 0.3% was due to claimant error.

The higher rate of overpayments in recent years is likely to be because there is a higher proportion of more complex cases on JSA than there was previously, as the more straightforward cases are now on Universal Credit instead. Complex cases are more prone to fraud and error. Certain groups of people, including those with caring responsibilities or in receipt of other benefits, have not been eligible to claim the initial rollout of Universal Credit and therefore remain on JSA.

Underpayments on Jobseeker's Allowance remained the same as in 2017/18, at 1.3% of expenditure, the highest level recorded.

The monetary value of underpayments remained at £20m.

Most underpayments on Jobseeker's Allowance were because of official error. Claimant error was broadly the same when compared to 2017/18 and official error remained the same.

A note on JSA estimates: This is the last time that estimates of fraud and error for JSA will be published, as measurement of JSA ended in September 2018 due to the decreasing JSA caseload. For more details, see the background and methodology document.

Universal Credit (UC) overpayments and underpayments remained broadly the same. Overpayments were at their highest recorded rate in 2018/19

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

Fraud overpayments
Claimant Error overpayments and underpayments
Official Error overpayments and underpayments
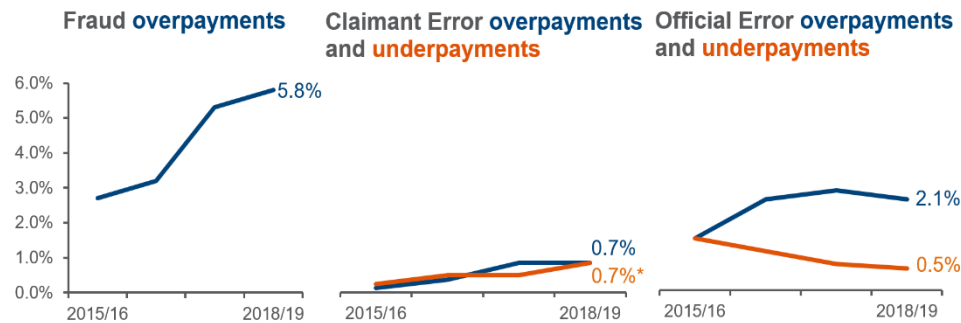
Time series of UC over and under payments for fraud, claimant and official error.
*These changes were statistically significant

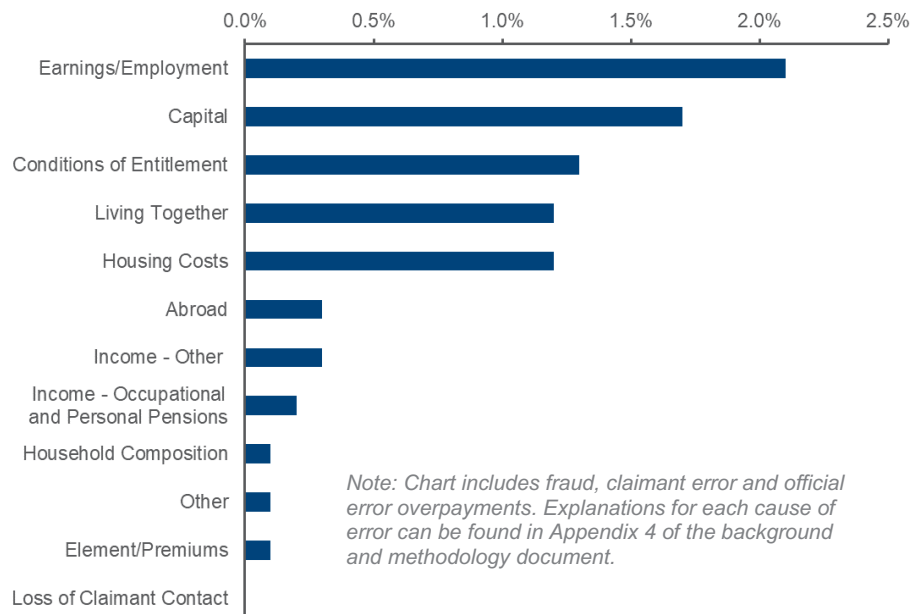## The top 5 causes of overpayments on Universal Credit accounted for almost 90% of UC expenditure overpaid.

2018/19 UC overpayment rate (% of expenditure) split by error reason.

Note: Chart includes fraud, claimant error and official error overpayments. Explanations for each cause of error can be found in Appendix 4 of the background and methodology document.

As UC is made available to more families, workers and people with housing costs the amount of UC paid to claimants is changing. This is reflected in the types of error found and the overall average amount paid incorrectly. Differences from the 2017/18 estimates may in part be due to this change in the makeup of cases on the benefit.

Overpayments on Universal Credit were at their highest recorded rate, increasing from 8.3% in 2017/18 to 8.6% in 2018/19, which is equivalent to £680m out of the £8.0bn paid in 2018/19. This change was not statistically significant.

Fraud was at its highest recorded rate of 5.8%, up from 5.3%, though the change was not statistically significant. This increase was largely due to a rise in people providing incorrect information about earnings and employment (estimated to be 1.7%) and an increase in undeclared capital (e.g. the amount of money in bank or building society accounts), at 1.6% of expenditure overpaid.

Compared to 2017/18 there was a lower rate (1.2%) of unreported living together and a higher rate (0.3%) of abroad fraud (where people continue to claim UC when they have been abroad for longer than the rules allow). There was also a higher rate of unreported changes to housing costs (0.7%). None of these changes were statistically significant.

Official error (2.1%) was broadly the same as in 2017/18 and claimant error (0.7%) remained the same. Errors related to conditions of entitlement were the largest cause of official error overpayments at 1.2%, remaining at a similar level to 2017/18 (for an explanation of these types of errors, see our background and methodology document).

Housing costs claimant error reduced from 0.5% to 0.3%; this change was not statistically significant. More claimants were making mistakes related to their housing costs but on average the amount overpaid was lower, resulting in an overall decrease.

Underpayments on Universal Credit remained broadly the same, with the increase from 1.0% in 2017/18 to 1.3% in 2018/19 not being statistically significant. The monetary value underpaid was £100m. Official error underpayments remained broadly the same as in 2017/18.

Claimant error underpayments increased from 0.4% to 0.7%*, a statistically significant increase. The main cause of this increase was a rise in housing cost errors from 0.1% to 0.3%*, also a statistically significant increase. As seen in overpayments more claimants were making mistakes related to housing costs but, in this instance, the average amount underpaid had also increased.

* Change from 2017/18 is statistically significant

What we can't use these statistics for: The expenditure on Universal Credit increased from £3.3bn in 2017/18 to £8.0bn in 2018/19, this means that the monetary values of fraud and error cannot be directly compared year on year. In addition, continued roll out of UC has seen an increase in the size and complexity of the caseload, so like-for-like comparisons cannot be made between related benefits or previous time periods.
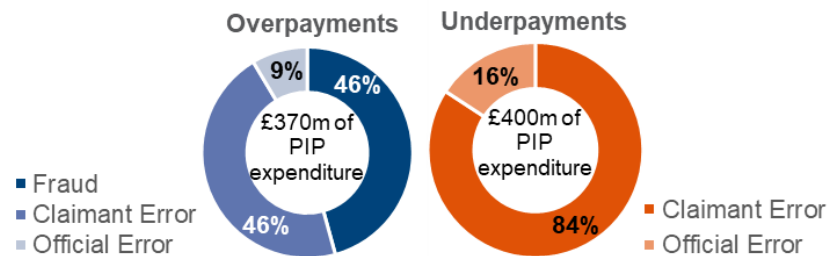
Personal Independence Payment (PIP) overpayments and underpayments remained broadly the same. Overpayments were at their highest recorded rate in 2018/19

Personal Independence Payment (PIP) helps with extra costs caused by long-term disability or ill-health. From April 2013 PIP started to replace Disability Living Allowance (DLA) for people of working age[1].

Almost half of the £370m overpaid was due to fraud and half to claimant error.
Around 80% of underpayments were claimant error.
Proportion of error type for PIP overpayments and underpayments, 2018/19.

PIP overpayments and underpayments predominantly fell into two categories: Functional Needs and Award Determination.
2017/18 and 2018/19 PIP percentage of expenditure, split by error reason.

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

MVFE[2]/ Error Rate	2016/17 £m[2]	%	2017/18 £m[2]	%	2018/19 £m[2]	%
Total Overpayments	160	**3.1**	260	**3.2**	370	**3.5**
Fraud	70	1.4	120	1.5	170	1.6
Claimant Error	60	1.2	90	1.1	170	1.6
Official Error	30	0.6	50	0.6	30	0.3
Total Underpayments	190	**3.6**	340	**4.2**	400	**3.8**
Claimant Error	160	3.1	280	3.5	340	3.2
Official Error	30	0.5	60	0.8	70	0.6
Expenditure[3]	5,200		8,200		10,600	

The rate of overpayments on PIP was 3.5% in 2018/19, the highest level recorded, though the change from 3.2% in 2017/18 was not statistically significant. The monetary value overpaid was £370m out of the £10.6bn PIP expenditure.

An increase in claimant error was the main reason for the total increase and was due to a rise in claimants failing to report improvements to their functional needs (i.e. the ability to carry out a series of everyday activities). This continued to be the primary overpayment reason, and was split between fraud and claimant error. All claimant error in 2018/19 fell into this category.

Official error dropped for the first time, due to a decrease in errors relating to award determination. These are errors made in assessing a PIP award based on the needs declared by the claimant.

Underpayments on PIP remained broadly the same, with the decrease from 4.2% to 3.8% not being statistically significant. The amount underpaid was £400m.

Claimant error was the main reason for underpayments at 3.2% (£340m). In 2018/19, all claimant error was due to claimants failing to report a deterioration in their functional needs.

Note: 2.5% of PIP expenditure was excluded from the claimant error overpayment estimates. These are errors where an improvement to a claimant's functional needs means they have been overpaid, but we would not reasonably expect them to know to report the change. This is in line with legislation (see Appendix 4). Due to this exclusion, PIP is the only benefit measured where underpayment rates remain higher than overpayments.

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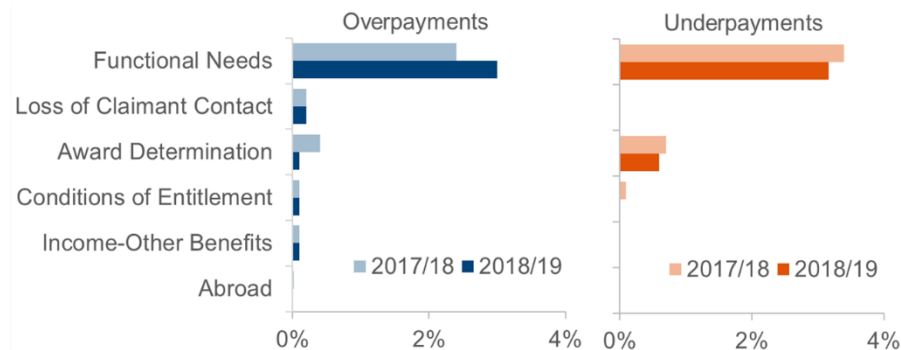
[1] PIP estimates are not directly comparable with DLA, due to different assumptions and length of time since DLA fraud and error was measured; see Appendix 4.
[2] MVFE - Monetary Value of Fraud and Error is rounded to the nearest £10m.
[3] Expenditure is rounded to the nearest £100m.

Appendix 1: Overpayment rates and monetary values by benefit

	Expenditure	Total Rate	Total Value	Fraud Rate	Fraud Value	Claimant Error Rate	Claimant Error Value	Official Error Rate	Official Error Value	Last measured
Continuously reviewed										
Housing Benefit	£20.8bn	6.4%	£1,340m	4.2%	£860m	1.7%	£360m	0.5%	£110m	Oct 17 - Sep 18
Pension Credit	£5.2bn	5.0%	£260m	2.2%	£120m	1.4%	£70m	1.3%	£70m	Oct 17 - Sep 18
Employment and Support Allowance	£14.8bn	4.0%	£600m	2.1%	£310m	1.0%	£150m	1.0%	£140m	Oct 17 - Sep 18
Jobseeker's Allowance	£1.3bn	6.5%	£90m	4.3%	£60m	0.3%	£0m	1.8%	£20m	Oct 17 - Sep 18
Universal Credit[1]	£8.0bn	8.6%	£680m	5.8%	£460m	0.7%	£50m	2.1%	£170m	Oct 17 - Sep 18
Personal Independence Payment[2]	£10.6bn	3.5%	£370m	1.6%	£170m	1.6%	£170m	0.3%	£30m	Aug 17 - Jul 18
Occasionally reviewed										
Income Support	£1.9bn	3.9%	£70m	2.4%	£50m	1.0%	£20m	0.4%	£10m	Oct 13 - Sep 14
Incapacity Benefit[3]	£0.0bn	2.4%	£0m	0.3%	£0m	0.9%	£0m	1.2%	£0m	Oct 09 - Sep 10
Disability Living Allowance[2]	£8.2bn	1.9%	£150m	0.5%	£40m	0.6%	£50m	0.8%	£60m	Apr 04 - Mar 05
State Pension[4]	£96.9bn	0.1%	£90m	0.0%	£0m	0.1%	£80m	0.0%	£10m	Apr 05 - Mar 06
Carer's Allowance	£2.9bn	5.5%	£160m	3.9%	£110m	1.0%	£30m	0.6%	£20m	Apr 96 - Mar 97
Interdependencies			£40m		£10m		£10m		£20m	
Unreviewed[5]	£13.0bn	1.8%	£230m	0.8%	£100m	0.5%	£70m	0.5%	£70m	
Total[6]	**£183.5bn**	**2.2%**	**£4.1bn**	**1.2%**	**£2.3bn**	**0.6%**	**£1.1bn**	**0.4%**	**£0.7bn**	
Range[7]		(2.0,2.5)	(3.7,4.6)	(1.1,1.5)	(2.0,2.8)	(0.5,0.7)	(0.9,1.4)	(0.3,0.5)	(0.6,0.9)	

Notes:

1. A number of cases are removed from the headline estimates for Universal Credit. This is due to a review not being completed and categorised as 'Inconclusive'. The expenditure on these cases is estimated to be £130m.
2. Certain cases are removed from the headline overpayments estimates for DLA and PIP estimates. Based on 2018/19 expenditure the DLA figure is now estimated to be £0.6 billion (+/- £0.2 billion). The amount of PIP excluded is estimated to be £260 million (+£80 / -£70 million) for 2018/19.
3. Monetary values associated with Incapacity Benefit are displaying zeroes due to rounding.
4. Official error estimates for State Pension (SP) are derived from a continuous review exercise which covered the period October 2017 to September 2018. SP fraud and customer error estimates have been produced based on a National Benefit Review exercise carried out in 2005/06, applied to the latest 2018/19 expenditure.
5. The 'Unreviewed' category includes benefits which were not continuously reviewed and have not been historically reviewed in a particular year.
6. Rows and columns may not sum to totals due to rounding.
7. Approximate 95% confidence intervals are given for the totals in the row above. These allow for non-sample error in occasionally reviewed benefits and the additional uncertainty that comes from the use of older measurement periods.

Appendix 2: Underpayment rates and monetary values by benefit

	Expenditure	Total		Fraud		Claimant Error		Official Error		Last measured
		Rate	Value	Rate	Value	Rate	Value	Rate	Value	
Continuously reviewed										
Housing Benefit	£20.8bn	1.6%	£340m	0.0%	£0m	1.2%	£250m	0.4%	£90m	Oct 17 - Sep 18
Pension Credit	£5.2bn	2.7%	£140m	0.0%	£0m	1.6%	£80m	1.1%	£60m	Oct 17 - Sep 18
Employment and Support Allowance	£14.8bn	3.2%	£470m	0.0%	£0m	1.2%	£180m	2.0%	£300m	Oct 17 - Sep 18
Jobseeker's Allowance	£1.3bn	1.3%	£20m	0.0%	£0m	0.2%	£0m	1.0%	£10m	Oct 17 - Sep 18
Universal Credit[1]	£8.0bn	1.3%	£100m	0.0%	£0m	0.7%	£60m	0.5%	£40m	Oct 17 - Sep 18
Personal Independence Payment[2]	£10.6bn	3.8%	£400m	0.0%	£0m	3.2%	£340m	0.6%	£70m	Aug 17 - Jul 18
Occasionally reviewed										
Income Support	£1.9bn	0.8%	£20m	0.1%	£0m	0.4%	£10m	0.3%	£10m	Oct 13 - Sep 14
Incapacity Benefit[3]	£0.0bn	0.7%	£0m	0.0%	£0m	0.0%	£0m	0.7%	£0m	Oct 09 - Sep 10
Disability Living Allowance	£8.2bn	2.5%	£200m	0.0%	£0m	2.4%	£200m	0.1%	£10m	Apr 04 - Mar 05
State Pension[4]	£96.9bn	0.1%	£120m	0.0%	£0m	0.0%	£0m	0.1%	£120m	Apr 05 - Mar 06
Carer's Allowance	£2.9bn	0.1%	£0m	0.0%	£0m	0.1%	£0m	0.0%	£0m	Apr 96 - Mar 97
Unreviewed[5]	£13.0bn	1.7%	£220m	0.0%	£0m	1.4%	£180m	0.3%	£30m	
Total[6]	**£183.5bn**	**1.1%**	**£2.0bn**	**0.0%**	**£0.0bn**	**0.7%**	**£1.3bn**	**0.4%**	**£0.7bn**	
Range[7]		(0.9,1.3)	(1.7,2.5)	(0.0,0.0)	(0.0,0.0)	(0.6,0.9)	(1.0,1.7)	(0.3,0.5)	(0.6,0.9)	

Notes:

1. A number of cases are removed from the headline estimates for Universal Credit. This is due to a review not being completed and categorised as 'Inconclusive'. The expenditure on these cases is estimated to be £130m.
2. A new legislation ruling for PIP means that some claimants may qualify for higher benefit awards than they were given at their assessment. Cases categorised since August 2018 will include this judgement which means that prior to this date we may be underestimating official error underpayments.
3. Monetary values associated with Incapacity Benefit are displaying zeroes due to rounding
4. Official error estimates for State Pension (SP) are derived from a continuous review exercise which covered the period October 2017 to September 2018. SP fraud and customer error estimates have been produced based on a National Benefit Review exercise carried out in 2005/06, applied to the latest 2018/19 expenditure.
5. The 'Unreviewed' category includes benefits which were not continuously reviewed and have not been historically reviewed in a particular year.
6. Rows and columns may not sum to totals due to rounding.
7. Approximate 95% confidence intervals are given for the totals in the row above. These allow for non-sample error in occasionally reviewed benefits and the

Appendix 3: Universal Credit assumptions

UC Live service was an intermediary system used to administer the majority of UC claims, predominantly single unemployed jobseekers, until the full online service is fully rolled out. The new system, referred to as Full service, is currently open to the majority of UC claimant types depending on location. UC fraud and error estimates published prior to December 2018 were based on Live service cases only and assumed that Full service fraud and error rates were similar to those being found in Live service.

The 2018/19 estimates in this publication include samples from both Full and Live service which have been used to produce an overall composite measure of fraud and error. This is the last composite measure that will be produced as future publications will be based entirely on Full service, as claimants move away from Live service.

Assumptions for cases not reviewed

In 2018/19, **4%** of sample cases did not have an effective review, the monetary value of these cases was around £220m (2.8% of expenditure). This was primarily due to the claimant not engaging in a review resulting in their benefit claim being suspended and then later terminated. Additionally, it included cases where the claimant withdrew their claim to UC following notification of a review.

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

Given the lack of information available for these cases a set of assumptions are applied to categorise the cases for reporting within the publication.

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

Not fraud – where a claimant reclaims benefit at a similar rate within 4 months of their original award being terminated, these cases are assumed not to be fraud. Any other errors such as official error would remain on the case, so they may not be entirely benefit correct.

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

4% of sample cases have not had an effective review, 67% of these are categorised as inconclusive

- Fraud
- Not Fraud
- Inconclusive
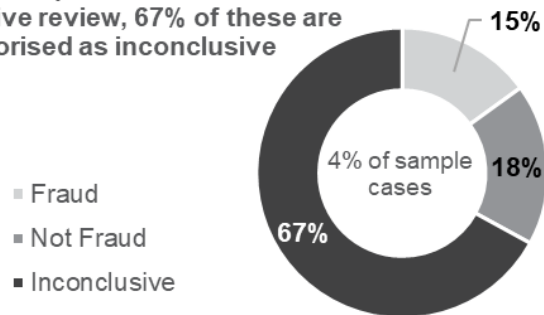
Cannot review cases accounted for around £220m of UC expenditure, 60% of this was categorised as inconclusive.

Cannot review assumption category	% of expenditure	Monetary value
Fraud	0.7%	£50m
Not Fraud	0.5%	£40m
Inconclusive	1.7%	£130m
Total	2.8%	£220m

Appendix 4: About Personal Independence Payment

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

PIP Rollout

- On 8th April 2013, PIP was introduced for new claims from people living in a limited area in the North West and part of the North East of England.

- On 10th June 2013, PIP was introduced for new claims for the remaining parts of Great Britain.

- From 28th October 2013, using a structured roll out to postcode areas, DWP has been inviting DLA working age recipients to claim PIP if:

  - DWP received information about a change in care or mobility needs which meant their claim had to be renewed;
  - the claimant's fixed term award was due to expire;
  - children turned 16 years old (unless they have been awarded DLA under the special rules for terminally ill people);
  - or the claimant chose to claim PIP instead of DLA.

- From October 2015, the remaining DLA working age recipients have started to be invited to claim PIP.

PIP Fraud and Error Measurement

Measurement of fraud and error in Personal Independence Payment started in October 2015. Rollout of PIP is still ongoing, with the caseload increasing from 0.6m at the start of measurement to 1.9m by July 2018. Expenditure increased from £8.2bn in 2017/18 to £10.6bn in 2018/19.

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

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

The PIP and DLA headline fraud and error estimates <u>are not</u> directly comparable for the following reasons:
- They have different legislation and regulations;
- Consequently, DLA and PIP fraud and error reviews take a different approach to categorising claimant error cases within the headline figures;
- DLA was last measured in 2004/05;
- PIP claimants are predominantly working age, so differ from DLA in 2004/05

Claimant error cases excluded from the headline overpayment statistics

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

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

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

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

Cases potentially affected by new legislation

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

About these statistics

All the information underlying the charts and figures featured in this document is included in accompanying reference tables available on the gov.uk website: https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-2018-to-2019-estimates

The tables show the rates and monetary values of overpayments and underpayments for each benefit going back to 2005/06, split by fraud, claimant error and official error. The tables also show the net loss of overpayments measure with a time series and a breakdown by benefit.

For the benefits we measure all the time, we can also show more detail about the cause of the error (for example, incomes, savings and who lives in the house) and the demographics of the claimants. We also estimate the percentage of cases that are incorrect, and the amount of money that is incorrectly paid.

Our Background and Methodology information note provides further information on how we calculate 'Fraud and Error in the Benefit System' statistics and gives a glossary of the causes of fraud and error used in this document and the reference tables. It also contains further details on a number of methodological changes which have been introduced. Some of these are mentioned on pages for the individual benefits in this publication.

Our technical appendix gives more detail about the data manipulation process: https://www.gov.uk/government/publications/fraud-and-error-in-the-benefit-system-supporting-documents-for-statistical-reports

Interactive information and charts illustrating the fraud and error data: https://femavis.herokuapp.com

We will continue to review our publication content, and welcome user comments, which should be sent to caxtonhouse.femaenquiries@dwp.gov.uk.

> ## Fraud and error – rates and monetary values
>
> For continuously measured benefits, the **monetary value of fraud and error** is calculated using the percentage of fraud and error found in our sample:
>
> (Percentage of fraud and error) x (Benefit expenditure)
>
> Even if the rate of fraud and error is increasing, if the benefit expenditure is decreasing, we could see a lower monetary value; and *vice versa*. For example:
>
> The rate of underpayments on Personal Independence Payment decreased from 4.2% to 3.8% between 2017/18 and 2018/19 but expenditure increased from £8.2bn to £10.6bn.
>
> 4.2% of £8.2bn is £340m. 3.8% of £10.6bn is £400m.
>
> This is why it is usually better to compare **rates of overpayments and underpayments** rather than monetary values, and why statistically significant changes to monetary values are not highlighted.

Other National and Official Statistics

Details of other National and Official Statistics produced by the Department for Work and Pensions can be found on the DWP website via the following links:
- A list of DWP statistical summaries: https://www.gov.uk/government/collections/dwp-statistical-summaries;
- A schedule of statistical releases over the next 12 months and a list of the most recent releases: https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics;
- In addition, users can find links to additional DWP statistical analyses that have not been included in our standard publications at https://www.gov.uk/government/organisations/department-for-work-pensions/series/ad-hoc-statistical-publications-list

If you would like to receive occasional e-mails from DWP to directly inform you of documents seeking the views of users, please email general.statistics@dwp.gov.uk giving details of the DWP publications you use.