



Factsheet: DWP's Eligibility Verification powers in the Public Authorities (Fraud, Error and Recovery) Bill

What is the current policy?

Where possible, DWP uses different sources of data to verify the information provided by claimants to ensure their benefit entitlement is calculated correctly. For example, DWP uses data from HMRC to verify information about employment and income that can affect benefit eligibility and entitlement. However, for other eligibility criteria - such as savings or investments held, or time spent abroad, the Department relies on people self-reporting some of their circumstances accurately and honestly. When this does not happen, this can result in overpayments, debts building up for claimants and losses to the taxpayer.

Policy intent

The National Audit Office report [An Overview of the impact of fraud and error on public funds for the new Parliament 2023-24](#) supports the use of data to detect and prevent fraud and error.

DWP wants to better harness and use data to detect and prevent fraud and error in the social security system and correct it more quickly, preventing debt accruing.

To do this, DWP will require banks and other financial institutions to examine their own datasets and provide data to help identify where someone may not be meeting the specific eligibility criteria of a benefit through issuing 'Eligibility Verification Notices'.

DWP will then use the information received, along with other information held on the claimant, to determine whether further inquiry is needed.

This will mean that claimants are paid more accurately, more errors are found and resolved, and any suspected fraud can be identified and investigated sooner.

How will it work?

This new measure in this Bill will give DWP the power to require banks and other financial institutions to provide information to help verify a claimant's entitlement to benefits and identify incorrect payments. Banks and other financial institutions will be required to look at the data they hold on accounts in receipt of a specified DWP benefit payment and match these accounts to specific eligibility indicators determined by DWP (and defined within an Eligibility Verification Notice) and highlight where the criteria have been met.

Eligibility Verification Notices will be sent to banks and other financial institutions and will set out the specific information required. These will include the eligibility indicators which will be used to determine whether information should be shared with DWP. No personal information will be shared by DWP. This power can only be used to obtain information on accounts that



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receive a specified DWP benefit, and any accounts linked to that benefit receiving account if they match the eligibility indicators set by DWP.

The eligibility indicators in the notice are the specific criteria that banks and other financial institutions will be asked to check relevant accounts against. They will be based on the eligibility rules for the specified benefits. For example, in Universal Credit, an individual cannot hold more than £16,000 in savings and remain eligible for Universal Credit, unless this capital is a result of a specified exception¹. Any accounts identified will be considered by DWP for further inquiry, if necessary. No decisions about benefit entitlement will be made on this information alone.

Banks and other financial institutions will be required to share only limited information in response to an Eligibility Verification Notice, for example:

- Specified details about the account(s) (such as sort code and account number)
- Specified details about the account holder(s) (such as their name(s) and date(s) of birth)
- Specified details about how the account(s) meets the eligibility indicators.

Banks and other financial institutions could receive a penalty for oversharing information, such as transaction information. Any information shared through the Eligibility Verification Measure will not be shared on the presumption or suspicion that anyone is guilty of any offence.

Where there are further inquiries or investigations, DWP will lead this, as it does now. A human will always be involved in any decision taken afterwards which may affect benefit awards or eligibility, as they are now.

The measure will initially focus on benefits where incorrect payments are currently highest, these are: Universal Credit, Pension Credit and Employment and Support Allowance. Other benefits could be added with the approval of Parliament in the future through affirmative regulations. The State Pension is explicitly excluded from the power and cannot be added by regulations.

When information obtained by DWP in response to an Eligibility Verification Notice subsequently helps identify that a claimant is ineligible for a specified benefit, DWP may also use the information to verify the claimant's eligibility for other benefits. For example, where a claimant is eligible for Pension Credit they may also be automatically eligible for Housing Benefit. If information received leads DWP to conclude that a claimant is ineligible for Pension Credit, then the Department will also review the claimant's eligibility for Housing Benefit. A human will always be involved in any decision which may affect benefit awards or eligibility.

¹ [Universal Credit: money, savings and investments - GOV.UK](https://www.gov.uk/universal-credit/money-savings-and-investments)



Oversight and safeguards

DWP is committed to ensuring these powers are used proportionality and effectively. The following safeguards, most of which are set out in the Bill, are included in this measure:

- **Independent Oversight** - There will be independent oversight and reporting of Eligibility Verification powers to Parliament. The Secretary of State will appoint an independent body or person, following an open selection process, to review and report annually on how the powers have been exercised in line with the legislation, the actions banks and other financial institutions have taken, and whether the power has been effective in identifying incorrect payments.
- **Code of Practice** - DWP must introduce and consult on a Code of Practice regarding Eligibility Verification Notices, and this will be laid before Parliament prior to the first Eligibility Verification Notice being issued.
- **Limitations on purpose** - An Eligibility Verification Notice may only be issued for the purpose of identifying or helping identify incorrect payments of relevant benefits.
- **Limited to certain organisations** - The power can only be used to request information from persons defined in primary legislation. In practice, this means banks and other financial institutions (as opposed to **any** third party).
- **Limited to certain benefits** - An Eligibility Verification Notice can only request information about accounts in receipt of the specified benefits set out in legislation. These are Universal Credit, Pension Credit and Employment and Support Allowance. If the Secretary of State wishes to expand the range of benefits covered, it will require a debate and approval by Parliament. This is except for the State Pension which is excluded from being added by the legislation.
- **Limitations on the types of data** - The legislation only allows banks and other financial institutions to share limited data and excludes the sharing of transaction data e.g. what someone has spent their money on or special category data e.g. data about an individual's health, ethnic origin or political opinion (although this does not prevent Banks and other financial institutions confirming that individuals are in receipt of the benefit specified in the notice, for example where this is a benefit relating to ill-health).
- **Relevant accounts** - This power can only be used on accounts which receive a relevant DWP benefit payment and accounts linked to that account.
- **Penalties for wrongdoing** - Banks and other financial institutions can be issued penalty notices for non-compliance with Eligibility Verification Notices. This includes if they fail to respond within the timeframe or if they share information that must not be shared under the measure (such as transaction information and special category data).



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- **Review and appeals process** - Banks and other financial institutions will be able to request that DWP review an Eligibility Verification Notice or penalty and appeal any decision to the Tribunal, if needed.
- **Human intervention** - A human will always be involved in any further inquiries or investigations, and any decision taken afterwards which may affect benefit awards or eligibility, as they are now.
- **Data Protection** - Data will always be held securely and in compliance with UK GDPR and the Data Protection Act 2018 and used only for intended, limited purposes.
- **Test and Learn approach** - DWP will be gradually rolling out the use of the Eligibility Verification Measure in a test and learn environment to allow for sufficient time for business to establish best processes.

Key statistics

- The Office of Budget Responsibility (OBR) has validated DWP's estimates that this measure will deliver savings of up to £940m over the next 5 years. DWP estimates this measure will deliver around £500m per year in savings once fully rolled out.
- DWP will be gradually rolling out the use of the Eligibility Verification Measure in a test and learn environment to allow for sufficient time for business to establish best processes. When fully rolled out the Department estimates that DWP will identify between 50,000 and 100,000 overpayments as a result of the measure each year².
- The tables below show the levels of fraud and error for the benefits that this measure will be used with.

Table 1: The amount of expenditure overpaid by benefit and reason in FYE 2024³

Benefit	Total (£m)	Capital-related fraud and error (£m)	Abroad-related fraud and error (£m)
Universal Credit	6,460	1,020	250
Pension Credit	520	200	80
ESA	430	180*	10*

² This estimate is based on the methodology as outlined in Annex 1 of the Public Authorities (Fraud, Error and Recovery) Bill Impact Assessment <https://publications.parliament.uk/pa/bills/cbill/59-01/0167/ImpactAssessment.pdf>. The volume of hits related to the measure is taken from step 5 of this methodology (page 49). There remains uncertainty in the delivery mechanism of the measure as it is still in development which has been reflected in this estimate by including an uncertainty range.

³ <https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-2023-to-2024-estimates>



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Note: Rounded to the nearest £10m

* Employment and Support Allowance was last sampled in FYE 2023, the rates have been carried over⁴ and applied to the expenditure totals for FYE 2024 to estimate the monetary value of capital and abroad fraud and error.

Table 2: The percentage of expenditure overpaid by benefit and reason in FYE 2024⁵

Benefit	Total (%)	Capital-related fraud and error (%)	Abroad-related fraud and error (%)
Universal Credit	12.4	2	0.5
Pension Credit	9.7	3.7	1.5
ESA	3.4	1.4*	0.1*

* ESA was last sampled in FYE 2023, the rates have been carried over⁶.

⁴ <https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-2022-to-2023-estimates>

⁵ <https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-2023-to-2024-estimates>

⁶ <https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-2022-to-2023-estimates>