

# ADM Chapter D2: Third Party deductions UC, JSA & ESA

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# Introduction D2001 - D2008

## Introduction

D2001 The guidance in this chapter covers deductions (where appropriate) from

1. UC **or**
2. new style JSA(hereafter referred to as JSA) **or**
3. new style ESA.(hereafter referred to as ESA)

**Note:** ADM M5021 contains guidance on the meaning of new style JSA and new style ESA.

D2002 This chapter covers third party deductions for

1. housing costs (see D2090)
2. rent arrears and service charges included in rent (see D2111)
3. fuel costs (see D2130)
4. CT (see D2381) or CC (see D2411)
5. Fines (see D2341)
6. water charges (see D2165)
7. integration loans (see D2311)
8. ELDS (see D2240)

**Note:** Guidance about deductions from benefit in respect of CSM can be found in ADM Chapter D3.

D2003 When a decision is made to

1. start **or**
2. stop **or**
3. change

a deduction, this will be by way of a supersession of an earlier decision (see ADM Chapter A4).

D2004 – D2008



## Definitions D2009-D2018

[Assessment period](#) D2009-D2010

[Child Element](#) D2011

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[Work Allowance](#) D2015-D2018

### Assessment period

D2009 Assessment period<sup>1</sup> has the same meaning as defined at ADM E2110.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 1\(1\), UC Regs, reg 21](#)

D2010

### Child Element

D2011 Child element<sup>1</sup> means in relation to any claimant, any amount included in the award of UC under specified legislation<sup>2</sup>.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 1\(1\); 2 UC Regs, reg 24](#)

### Standard allowance

D2012 Standard allowance<sup>1</sup> means in relation to any claimant, any amount included in the claimant's award of UC under specified legislation<sup>2</sup>.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 1\(1\); 2 WR Act 12, s 9\(1\)](#)

## Percentage of the standard allowance

D2013 Where the relevant percentage of the claimant's standard allowance results in the fraction of a penny, that fraction is disregarded if it is less than half a penny. Otherwise it is to be treated as a penny<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 1\(2\)](#)

## Water charges

D2014 Water charges<sup>1</sup> means

1. in England and Wales, any water and sewerage charges under specified legislation<sup>2</sup> **and**
2. in Scotland, any such charges established by Scottish Water under a charges scheme made under specified legislation<sup>3</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 1\(1\)](#); 2 [Water Industry Act 1991, part 5 chapter 1](#),  
3 [Water Industry \(Scotland\) Act 2002, s 29A](#)

## Work Allowance

D2015 In relation to any claimant, work allowance<sup>1</sup> means the amount applicable to that claimant under specified legislation<sup>2</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 1\(1\)](#); 2 [UC Regs, reg 22\(2\)](#)

D2016 – D2018

## General D2019-D2037

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### Introduction

D2019 The DM may make deductions from an amount of the claimant's award of UC and pay that amount to a third party<sup>1</sup>, in accordance with specified legislation<sup>2</sup> to discharge (in whole or part) a liability of the claimant to that third party.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 2\(1\); 2 Sch 6](#)

D2020 A payment made to a third party<sup>1</sup>, in accordance with specified legislation<sup>2</sup>, may be made at such intervals as the DM may direct.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 2\(2\); 2 Sch 6](#)

D2021 – D2023

### Limitations applicable to deductions

D2024 The DM may not deduct an amount from a claimant's award of UC and pay that amount to a third party if, in any assessment period, that would

**1.** reduce the amount payable to the claimant to less than 1 penny<sup>1</sup> **or**

**2.** result in more than 3 deductions being made, in relation to that assessment period, under one or more

of the items listed in D2025<sup>2</sup>.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 3\(1\)\(a\)](#); [2 Sch 6, para 3\(1\)\(b\)](#)

D2025 In accordance with D2024 **2.**, there can be no more than 3 deductions made from the claimant's award of UC at any one time<sup>1</sup>, for one or more of the following<sup>2</sup>

- 1.** housing costs
- 2.** rent arrears and service charges included in rent
- 3.** fuel costs
- 4.** CC or CT
- 5.** fines
- 6.** water charges
- 7.** integration loans
- 8.** eligible loans

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 3\(1\)\(b\)](#); [2 Sch 6, para 3\(2\)](#)

## **Liability for debt**

D2026 A debt may be disputed by the claimant. This is a factor for the DM to consider when deciding whether they are liable to pay the debt. Although the Department cannot get involved in the dispute, enquiries should be made of the third party.

D2027 Give the claimant the opportunity to provide evidence to support any claim that the debt is not liable to be paid.

D2028 Deductions should only be made where there is evidence that the claimant is liable to pay the debt. This may be provided by the creditor when a dispute has been resolved or not upheld by any

independent Regulatory body.

D2029 – D2030

## Consent required

D2031 Unless the claimant consents, third party deductions cannot be made from a claimant's award of UC in relation to any assessment period for

1. fuel costs (including arrears and current consumption) **and**
2. water charges (including arrears and current consumption)

where the total deduction for that item or any combination of those items exceeds 25% of the aggregate of the standard allowance and any child element<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 3\(3\)](#)

## Consent not required

D2032 The claimant's consent is not required, where a deduction, or a combination of deductions are made for

1. housing costs
2. rent arrears and service charges
3. CC or CT
4. fines
5. integration loans
6. eligible loans

D2033 - D2037

## Maximum amount D2038-D2089

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### Insufficient UC

D2038 With the exception of D2041, the DM may not deduct an amount from a claimant's award of UC under one or more of the items within the priority list in D2043 if, in relation to any assessment period, that would result in deducting an amount in excess of 40% of the standard allowance (the maximum amount) from the claimant's UC award<sup>1</sup>.

**Note:** Although the legislation allows deductions of up to 40% of the standard allowance, the current policy is to limit deductions to a maximum of 15% of the standard allowance.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 4(1)

D2039 For the purposes of D2038, this includes awards where deductions have been made in respect of<sup>1</sup>

1. those mentioned in the priority order listed at D2043<sup>2</sup>
2. higher-level sanctions and other sanctions, under specified legislation<sup>3</sup>
3. recovery of payments on account under specified legislation<sup>4</sup>
4. restrictions of payment of UC following conviction for a first or repeated benefit fraud offence<sup>5</sup>.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 4(2); 2 Sch 6, para 5(2);  
3 WR Act 12 s 26 & 27; 4 SS A Act 92, s 71ZG; 5 SS Fraud Act 01, s 6B, 7 & 9

D2040 When determining whether the maximum amount of UC would be exceeded, no account should

be taken of any liability for continued consumption<sup>1</sup> of

**1.** fuel costs<sup>2</sup> (see D2130) **or**

**2.** water charges<sup>3</sup> (see D2165).

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 4(3);

2 Sch 6, para 8(5)(b); 3 Sch 6, para 9(6)(b) or 9(7)(b)

D2041 Subject to guidance given in D2024, D2025 and D2031, where the DM considers it to be in the claimant's best interest, and even though the deduction would result in the maximum amount being exceeded, the DM may deduct an amount from the claimant's UC award under

**1.** housing costs (see D2090) **or**

**2.** fuel costs (see D2130) **or**

**3.** the minimum amount which may be deducted for rent and service charges included in rent (see D2111)

and pay that amount to a third party<sup>1</sup>.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 4(4)

## Priority between debts

D2042 The priority order (see D2043) applies to a claimant where, in relation to any assessment period<sup>1</sup>

**1.** a deduction could otherwise be made from the claimant's award of UC under one or more of the deductions mentioned in D2043<sup>2</sup> **and**

**2.** the amount of UC payable to the claimant

**2.1** is insufficient to enable the DM to make deductions to meet all the claimant's liabilities **or**

**2.2** would exceed the 40% maximum (see note to D2038), were the required deduction to be made<sup>3</sup>.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 5(1); 2 Sch 6, para 5(1)(a); 3 Sch 6, para 5(1)(b)

D2043 The priority order for deductions is<sup>1</sup>

1. payments in respect of CSM (see ADM Chapter D7)<sup>2</sup>
2. housing costs (see D2090)<sup>3</sup>
3. rent arrears and service charges included with rent where the amount of the deduction equals 10% of the standard allowance<sup>4</sup> (see D2121)
4. fuel costs<sup>5</sup> (see D2130)
5. CT arrears (see D2411) **or** CC arrears<sup>6</sup> (see D2381)
6. fines (5% of the standard allowance)<sup>7</sup> (see D2341)
7. water charges<sup>8</sup> (see D2165)
8. recovery of SF awards<sup>9</sup>
9. recoverable hardship payments<sup>10</sup>
10. HB and DWP administrative penalties<sup>11</sup>
11. HB, tax credit and DWP fraud overpayments<sup>12</sup>
12. HB and DWP civil penalties<sup>13</sup>
13. HB, tax credit and DWP non-fraud overpayments<sup>14</sup>
14. integration loans<sup>15</sup> (see D2311)
15. eligible loans<sup>16</sup> (see D2240)
16. rent arrears and service charges included in rent where the amount of the deduction exceeds the minimum amount that may be deducted<sup>17</sup> (see D2121)

**Note:** Conditionality Sanctions, Fraud Penalties and Advances of benefit will be recovered before the priority order is applied.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 5(2); 2 Sch 7; 3 Sch 6, para 6; 4 Sch 6, para 7;  
5 Sch 6, para 8; 6 Community Charges (Deductions from IS)(No. 2) Regs 1990, reg 3,  
Community Charges (Deductions from IS) (Scotland) Regs 1989, reg 3,  
Council Tax (Deductions from IS) Regs 1993, reg 5; 7 Fines (Deductions from IS) Regs 1992, reg 4;  
8 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 9; 9 SS A Act 92, s 78(2);

10WR Act 12, s 71ZH(1)(a) or (b); 11 SS A Act 92, s 115A, s 71, s 75 & s 71ZB;  
12 SS A Act 92, s 71, s 71ZC & s 75(4); 13 SS A Act 92, s 115C(4) & s 115D(4);  
14 SS A Act 92, s 71, s 71ZC & s 75(4); 15 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 12;  
16Sch 6, para 11, 17 Sch 6, para 7

D2044 Where the priority of deductions between debts applies to the claimant, the DM must make a deduction under the items listed in the priority order, by having regard to the circumstances in D2045 to D2046<sup>1</sup>.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 5(3)

D2045 The DM must give priority to any such deductions in the order in which they are listed in D2043, with CSM costs having priority<sup>1</sup>.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 5(4)

D2046 Unless the DM directs otherwise, where items are grouped together within the priority order list and more than one deduction within that group applies to the claimant,

1. those deductions have equal priority with each other **and**
2. the amount of such deductions are to be apportioned accordingly<sup>1</sup>.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 5(5)

### **Example**

Vanessa requires deductions in respect of a WTC overpayment and DWP non-fraud overpayment. Overpayment deductions attract a maximum recovery rate of 15% of the claimant's UC standard allowance. However as these two items are grouped together within one of the listed items in the priority order (D2043 **14.**), the deduction amount must be divided between the two organisations.

D2047 An overpayment is the result of fraud, for the purposes of D2043 **12.** and D2043 **14.** if, in relation to that overpayment or that part of it, the claimant has<sup>1</sup>

1. been found guilty of an offence whether under statute or otherwise<sup>2</sup> **or**

**2.** made an admission after caution of deception or fraud for the purpose of obtaining<sup>3</sup>

**2.1** benefit under specified legislation<sup>4</sup>, **or**

**2.2** tax credit under specified legislation<sup>5</sup> **or**

**3.** agreed to pay an administrative penalty<sup>6</sup> under specified legislation<sup>7</sup> and the agreement has not been withdrawn.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 5(6); 2 Sch 6, para 5(6)(a); 3 Sch 6, para 5(6)(b);  
4 SS A Act 92; 5 Tax Credits Act 2002; 6 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 5(6)(c);  
7 SS A Act 92, s 115A

D2048

## Exceptions to standard rate deduction

D2049 The exceptions to amounts being deducted which equal 5% of the standard rate are

**1.** deductions for fines under D2043 **17**.<sup>1</sup>, where the amount of the deduction exceeds the minimum amount that may be deducted for a fine under specified legislation<sup>2</sup> **or**

**2.** deductions for the current consumption of mains gas, mains electricity or water.

1 UC, PIP, JSA & ESA (C&P) Regs, Sch 6, para 5(2)(q); 2 Fines (Deductions from IS) Regs 92, reg 4

## Superseding a third party deduction decision

D2050 When a relevant change of circumstances occurs<sup>1</sup> the DM may supersede the outcome decision which includes the third party deduction decision, for example where the

**1.** fuel charges or water charges change **or**

**2.** rent arrears are cleared **or**

**3.** entitlement to UC is reduced below the amount of the deduction plus 1p **or**

**4.** claimant changes address.

**Note: This list is not exhaustive.** For effective dates of supersession see ADM Chapter A4.

1 SS Act 98, s 10; UC, PIP, JSA & ESA (D&A) Regs, reg 18

D2051 – D2089

# Third party deductions for owner-occupier housing costs D2090-D2110

[Meaning of Housing Costs](#) D2090

[Rules for third party deductions](#) D2091-D2092

[Criteria to consider before deductions commence](#) D2093

[Amount of deduction](#) D2094-D2096

[Deduction in respect of owner occupier payments](#) D2097

[Priority of deductions](#) D2098-D2110

## Meaning of Housing Costs

D2090 For third party deduction purposes, housing costs mean service charge payments<sup>1</sup> (see ADM chapter F2050 et seq).

**Note:** Ground rent payments are not met under UC.

<sup>1</sup> [UC Regs, Sch 5](#)

## Rules for third party deductions

D2091 Third party deductions may be made from UC and paid direct, where in any assessment period, the claimant is in debt for service charges that are included in their award of UC under specified legislation<sup>1</sup>.

<sup>1</sup> [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 6\(2\)](#)

## Criteria to consider before deductions commence

D2092 The DM should also refer to operational guidance for further criteria related to the amount of the debt when deciding if deductions are appropriate in respect of housing costs..

## Amount of deduction

D2093 Subject to D2094, in relation to that assessment period, the DM may<sup>1</sup>

1. deduct an amount equal to 5% of the standard allowance from the claimant's award **and**
2. pay that amount to the person to whom the debt is owed.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 6\(3\)](#)

D2094 Before the DM may commence (or re-commence) deductions in respect of any such debt, the claimant's earned income (or in the case of joint claimants their combined earned income), in relation to the previous assessment period, must not exceed the work allowance<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 6\(4\)](#)

D2095 Deductions should only be made where the DM is satisfied that there are in fact arrears<sup>1</sup> of housing costs. In cases of dispute the DM should give the claimant the opportunity to provide evidence to support any claim that they are not in arrears.

1 R(IS) 14/95

D2096-D2110

# Third party deductions for Rent arrears and Service Charges included in rent D2111 - D2129

[Definitions D2111 - D2115](#)

[Rules for third party deductions D2116 - D2129](#)

## Definitions

### Meaning of Rent Payments

D2111 For the purposes of making deductions in respect of rent arrears and services charges, rent payments includes<sup>1</sup> any elements included in the claimant's rent which would not fall to be treated as

1. rent under specified legislation<sup>2</sup> **or**
2. rent payments under specified legislation<sup>3</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(8\)](#); 2 [HB Regulations 06](#); 3 [UC Regs 13](#)

### Meaning of exempt accommodation

D2112 Exempt accommodation<sup>1</sup> has the same meaning as that given in specified legislation<sup>2</sup>. That meaning is defined in full at ADM Chapter F2033.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(8\)](#); 2 [UC Regs, reg 1](#)

### Meaning of service charges

D2113 For the purposes of TPDs, service charges include<sup>1</sup> any items in a charge for services in respect of accommodation occupied by the claimant, which would not be treated as service charges under specified legislation<sup>2</sup>. Service charge payments under that specified legislation are defined at ADM Chapter F2050 – F2053.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(8\)](#); 2 [UC Regs 13](#)

## Rules for third party deductions

D2116 Deductions for rent arrears and service charges can be made and paid direct to the person to whom the debt is owed, where the claimant satisfies all the conditions in D2117 to D2119<sup>1</sup>.

**Note:** when considering third party deductions for rent arrears, the DM should also refer to operational guidance for criteria when payment exceptions are appropriate in respect of rent payments.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(1\)](#)

D2117 The first condition<sup>1</sup> is that in any assessment period, the claimant

**1.** has an award of UC which includes<sup>2</sup> an amount for the housing element for renters made under specified legislation<sup>3</sup> **or**

**2.** occupies exempt accommodation<sup>4</sup> and has an award of HB made under specified legislation<sup>5</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(2\)](#); 2 [Sch 6, para 7\(2\)\(a\)](#); 3 [UC Regs 13, Sch 4](#);

4 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(2\)\(b\)](#); 5 [SS CB Act 92, s 130](#)

D2118 The second condition<sup>1</sup> is that in any assessment period the claimant is in debt for any

**1.** rent payments<sup>2</sup> **or**

**2.** service charges which are paid with, or as part of the claimant's rent<sup>3</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(3\)](#); 2 [Sch 6, para 7\(3\)\(a\)](#); 3 [Sch 6, para 7\(3\)\(b\)](#)

D2119 The third condition is that the claimant occupies the accommodation to which the debt relates<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(4\)](#)

## Criteria to consider before deductions commence

D2120 The DM should also refer to operational guidance for further criteria related to the amount of the debt when deciding if deductions are appropriate in respect of rent payments.

## Amount to be deducted

D2121 Where deductions for rent arrears payments and service charge payments apply, subject to D2122 and D2124, the DM may deduct, in relation to that assessment period, an amount from the claimant's award, which is no less than 10% and no more than 20% of the standard allowance and pay that amount to the person to whom the debt is owed<sup>1</sup>.

**Note:** Although legislation allows deductions of no less than 10% and no more than 20% of the standard allowance, the current policy is to limit deductions to no less than 10% and no more than 15%.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(5\)](#)

D2122 Before the DM commences or re-commences making deductions<sup>1</sup> in respect of such a debt

**1.** the claimant's earned income **or**

**2.** in the case of joint claimants, their combined earned income

in relation to the previous assessment period, must not exceed the work allowance.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(6\)](#)

D2123 Deductions should only be made where the DM is satisfied that the claimant does have arrears<sup>1</sup>. In cases of dispute the DM should give the claimant the opportunity to provide evidence to support any claim that they do not have arrears.

1 R(IS) 14/95

## Cessation of deductions

D2124 Deductions for rent arrears and service charge payments included in the rent must be stopped<sup>1</sup> if

**1.** the claimant's earned income **or**

**2.** in the case of joint claimants, their combined earned income

equals or exceeds the work allowance for three assessment periods immediately preceding the date on which the next deduction could be made.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 7\(7\)](#)

D2125 – D2129

# Third party deductions for fuel costs D2130-D2164

[Definition of fuel item](#) D2130

[Rules for third party deductions](#) D2131-D2132

[Amount to be deducted](#) D2133-D2136

[Fuel - current consumption](#) D2137-D2140

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[Priority between fuel debts](#) D2147-D2151

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[Superseding the third party deduction decision](#) D2153-D2164

## Definition of fuel item

D2130 Fuel item means<sup>1</sup> any charge for

1. mains gas, including the reconnection of mains gas **and**
2. mains electricity, including any charges for the disconnection and reconnection of mains electricity and any payments required to be made under a green deal plan within the meaning of specified legislation<sup>2</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 8\(8\)](#); 2 [Energy Act 2011, s 1](#)

## Rules for third party deductions

D2131 Third party deductions may be made and paid direct to the person to whom they are due for any

fuel item<sup>1</sup> where the claimant is in debt in respect of that fuel item<sup>2</sup>.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 8\(3\)](#); [2 Sch 6, para 8\(2\)](#)

D2132

## Amount to be deducted

D2133 Where deductions for fuel costs apply, subject to D2135 and D2144, the DM may

- 1.** deduct the amount set out in D2134 from the claimant's award, in relation to that assessment period **and**
- 2.** pay that amount to the person to whom the debt is owed<sup>1</sup>.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 8\(3\)](#)

D2134 The amount which may be deducted in respect of any fuel item is<sup>1</sup>

- 1.** an amount equal to 5% of the standard allowance **and**
- 2.** subject to an application made by the fuel supplier and with the claimant's consent<sup>2</sup> an additional amount, which the DM estimates is equal to the average monthly cost necessary to meet  
except where current consumption is paid for by other means such as a pre-paid meter.

**2.1** the claimant's continuing need for the fuel in respect of which the debt arose, plus

**2.2** such monthly amount required to meet any payments under a green deal plan,

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 8\(4\)](#) [2 Sch 6, para 8\(4A\)](#)

D2135 Before any deduction commences or re-commences in respect of such a debt<sup>1</sup>

- 1.** the claimant's earned income **or**

**2.** in the case of joint claimants, their combined earned income

in relation to the previous assessment period, must not exceed the work allowance.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 8\(5\)](#)

D2136

## **Fuel - current consumption**

D2137 Where the circumstances in D2134 **2.** apply and deductions begin, the fuel company will provide an estimate of the average monthly cost of continuing consumption. If the estimate is unreasonable or inaccurate the DM should ask for details of the calculation.

D2138 Periodically the fuel company will

- 1.** recalculate the monthly amount needed to meet continuing consumption **and**
- 2.** notify the DM of any added credit or debit. Please see **D2140** if there is a request for an increase in deduction for continuing consumption.

D2139 The original debt must not be adjusted to take account of additional credit or debit.

D2140 Where there is a genuine increase in fuel costs, the DM can only increase the deduction amount for continued consumption if

- 1.** the fuel supplier has made an application for the increased deduction and
- 2.** claimant has consented to that application<sup>1</sup>.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 8\(4A\)](#)

## Exception to general rules

D2141 A prepayment meter may have been installed or other arrangements made with the fuel board to pay for current consumption. The amount deducted should then be limited to the amount for arrears. See D2142 where the meter is calibrated to recover arrears.

D2142 The claimant may ask for a prepayment meter as an alternative to third party deductions. The fuel company may be willing to install a meter calibrated to recover the arrears. Only one of these arrangements can be in operation at any time.

## When deductions should cease

D2143 Deductions for normal consumption must cease when deductions for arrears ceases. This may be because the arrears are fully repaid.

D2144 In relation to three assessment periods immediately preceding the date on which the next deduction could be made, deductions for fuel costs must stop<sup>1</sup>, if

- 1.** the claimant's earned income **or**
- 2.** in the case of joint claimants, their combined earned income equals or exceeds the work allowance.

<sup>1</sup> [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 8\(6\)](#)

## Joint tenants

D2145 A claimant asking for third party deductions for a fuel item may be a joint tenant. If the claimant is liable for the debt, the deduction should be

- 1.** the consumption figure (see D2137) divided by the number of people named on the bill (whether they are claimants or not) **and**

**2.** the fixed amount to pay off any arrears (see D2133).

D2146 It is unusual to have more than one name on a fuel bill. If the claimant is the only person named, the other tenants should pay their share of the bill to the claimant. If the claimant is not named on the bill, the claimant is not liable. The claimant should pay a share to the tenant who is named on the bill.

## Priority between fuel debts

D2147 The criteria may be met for deductions for both gas and electricity debts. But it may not be possible to implement both deductions, where for example, the requested deductions exceed the 40% maximum (an amount equal to 40% of the UC standard allowance).

D2148 Where D2147 applies, the DM must decide which fuel debt takes priority, taking into account<sup>1</sup>

- 1.** all the circumstances **and**
- 2.** any requests of the claimant.

<sup>1</sup> [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 8\(7\)](#)

D2149 Priority should be given to whichever fuel is most needed to ensure the health and safety of the claimant or family.

### Example 1

Ai Ling lives in a household where heating and cooking are by gas. The DM gives priority to gas.

### Example 2

Stanley lives with his wife and young child. The DM gives priority to electricity, so that the home is properly lit.

### Example 3

Maria lives with her elderly disabled mother. Cooking is by electric and heating is by gas. The house has open fireplaces which can be used to provide heating. The DM gives priority to electricity.

D2150 Where debts other than fuel are involved see D2043.

D2151

## Consent required

D2152 Unless the claimant consents, third party deductions cannot be made from a claimant's award of UC in relation to any assessment period for

1. fuel costs (arrears plus ongoing consumption) **and**
2. water charges (arrears plus ongoing consumption)

where the total deduction for that item or any combination of those items, exceeds 25% of the aggregate of the standard allowance and any child element<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 3\(3\)](#)

## Superseding the third party deduction decision

D2153 The decision to implement deductions should not be superseded where the only reason to do so is that the claimant wishes to take control of the budgeting. This is because the claimant's desire to take control of the budgeting is not, in itself, a relevant change of circumstances.

D2154 The DM should supersede the outcome decision which includes the third party deduction decision for fuel costs, when a relevant change of circumstances occurs<sup>1</sup>. For example where

1. the average cost estimated for the continuing need was not enough or was too much
2. the original debt has been cleared and deductions stop (see D2143)

**3.** the claimant changes fuel company and the debt is not transferable

**4.** the deduction for arrears and ongoing consumption would leave the claimant with less than 1p

**5.** the claimant withdraws the agreement permitting deductions in excess of 25% of the standard allowance applicable in the claimant's case (see D2152)

**6.** the claimant stops receiving a supply of fuel from the fuel company to whom payment is being made, for example where the supply has been disconnected due to meter interference. Or a claimant with deductions for gas may move to a house which is all electric

**Note:** See ADM Chapter A4 for rules about effective date of supersession.

[1 SS Act 98, s 10, UC, PIP, JSA & ESA \(D&A\) Regs, reg 18](#)

D2155 - D2164

# Third party deductions for water charges – England, Wales & Scotland

## D2165 - D2239

[Definitions](#) D2165 - D2168

[Rules for third party deductions](#) D2169 - D2224

### Definitions

#### Meaning of water charges

D2165 Water charges means<sup>1</sup>

1. for England and Wales, any water or sewerage charges under prescribed legislation<sup>2</sup> **and**
2. for Scotland, any such charges established by Scottish Water under a charges scheme made under specified legislation<sup>3</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 1](#); 2 [Water Industry Act 1991, Part 5, Chapter 1](#);

3 [Water Industry \(Scotland\) Act 2002, s 29A](#)

#### Meaning of Water Undertaker

D2166 Water undertaker means<sup>1</sup>

1. in relation to any area in England and Wales, a company which has been appointed under specified legislation<sup>2</sup> to be the water or sewerage undertaker **or**
2. in respect of any area in Scotland, Scottish Water.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 9\(9\)](#); 2 [Water Industry Act 1991, s 6](#)

#### Methods of charging

D2167 Water charges can be made

1. with rent (see D2111 et seq)

**2.** by a meter (see D2173 **1.**)

**3.** by means other than a water meter (see D2173 **2.**)

D2168

## Rules for third party deductions

### Original debt

D2169 Deductions may be made for water charges and paid direct<sup>1</sup>, if the claimant is in debt for water charges, including any charges for reconnection (the original debt)<sup>2</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 9\(1\)](#); 2 [Sch 6, para 9\(2\)](#)

D2170 Where deductions for water charges apply, subject to D2171 and D2174, the DM may<sup>1</sup>

**1.** deduct an amount from the claimant's award in accordance with D2175 to D2177 **and**

**2.** pay it to

**2.1** the water undertaker to whom the payment is due **or**

**2.2** to the person or body authorised to collect water charges for that undertaker.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 9\(3\)](#)

D2171 Before the DM commences or re-commences deductions in respect of such a debt<sup>1</sup>

**1.** the claimant's earned income **or**

**2.** in the case of joint claimants, their combined earned income

in relation to the previous assessment period, must not exceed the work allowance.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 9\(4\)](#)

D2172 Debt in this context includes disconnection and reconnection costs and any legal or other costs arising from that debt.

D2173

### **When deductions should cease**

D2174 In relation to three assessment periods immediately preceding the date on which the next deduction could be made, deductions for water charges must stop<sup>1</sup>, if

- 1.** the claimant's earned income **or**
- 2.** in the case of joint claimants, their combined earned income

equals or exceeds the work allowance.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 9\(5\)](#)

### **Amount to be deducted**

D2175 Where water charges are determined by a water meter<sup>1</sup>, the amount of the deduction, in relation to any assessment period, is

- 1.** a amount equal to 5% of the standard allowance, until the original debt is discharged **and**
- 2.** an additional amount which the DM estimates to be the average monthly cost necessary to meet the claimant's continuing need for water consumption.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 9\(6\)](#)

D2176 Where water charges are determined by means other than a water meter<sup>1</sup>, the amount of third party deduction, in relation to any assessment period, under this paragraph is

- 1.** the amount referred to in D2175 **1. and**
- 2.** an additional amount equal to the cost necessary to meet the continuing need for water consumption

in that assessment period.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 9\(7\)](#)

D2177 Where the claimant is in debt to two water undertakers<sup>1</sup>

- 1.** only one amount under D2175 **1.** or D2176 **1.** may be deducted **and**
- 2.** a deduction in respect of the original debt for sewerage charges may only be made after the whole of the original debt for water has been paid **and**
- 3.** deductions for continuing charges for both water and sewerage charges may be made at the same time.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 9\(8\)](#)

D2178 The DM should always use the amount in D2175 **1.** to clear the arrears, even where

- 1.** there is a court order for a greater amount **or**
- 2.** the claimant asks that a higher amount be paid direct.

D2179 - D2180

### **Original debt recovered**

D2181 Deductions for normal water consumption must cease when deductions for arrears of water charges ceases, for example when the arrears have been fully repaid.

### **Joint tenants**

D2182 A claimant asking for third party deductions for water charges may be a joint tenant. If the claimant is liable for the debt the deduction should be

- 1.** the actual or estimated monthly cost for consumption divided by the number of people named on the bill, whether they are claimants or not **and**

**2.** the amount to be deducted to pay off any arrears (see D2175).

D2183 It is unusual to have more than one name on a bill. If the claimant is the only person named, the other tenants should pay their share of the bill to the claimant. If the claimant is not named on the bill, the claimant is not liable. The claimant should pay a share to the tenant who is named on the bill.

D2184

### **Consent required**

D2185 Unless the claimant consents, third party deductions cannot be made from a claimant's award of UC in relation to any assessment period for

**1.** fuel costs (arrears plus ongoing consumption) **and**

**2.** water charges (arrears plus ongoing consumption)

where the total deduction for that item or any combination of those items, exceeds 25% of the aggregate of the standard allowance and any child element<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 3\(3\)](#)

D2186 The claimant's agreement should be obtained if the new total deductions exceed the level mentioned in D2185. Where the claimant has already consented to a total above that level, any increase will require the claimant's further consent.

D2187 – D2239

# Third party deductions for eligible loan deduction scheme (ELDS) D2240 - D2310

[Introduction](#) D2240 - D2259

[Definitions](#) D2260 - D2269

[Rules for deductions from UC](#) D2270 - D2273

[Deductions from ESA or JSA](#) D2274 - D2276

[Prevention of duplicate deductions](#) D2277 - D2310

## Introduction

D2240 The ELDS was introduced from 27.12.06. It is a scheme whereby repayment of loans made to claimants by certain lenders can be made by deductions from benefit.

D2241 The purpose of ELDS is to make low cost loans more accessible to those on low incomes who may not be able to use mainstream financial services. It aims to achieve this by reducing the debt recovery risk of lending to low income claimants.

D2242 – D2259

## Definitions

Eligible benefit

D2260 Eligible benefit means<sup>1</sup>

**1. UC or**

**2. new style JSA (hereafter referred to as JSA) or**

3. new style ESA.(hereafter referred to as ESA)

**Note:** ADM chapter M1 contains guidance on the meaning of new style JSA and new style ESA.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 11\(8\)\(a\) to \(c\)](#)

## Eligible lender

D2261 Eligible lender means<sup>1</sup>

1. a credit union within the meaning of specified legislation<sup>2</sup> **or**
2. one of the following bodies provided it is licensed under specified legislation<sup>3</sup>
  - 2.1 an Industrial or Provident Society registered under specified legislation<sup>4</sup> **or**
  - 2.2 a charitable institution within the meaning of specified legislation<sup>5</sup> **or**
  - 2.3 a body entered on the Scottish Charity Register under specified legislation<sup>6</sup> **or**
3. a community interest company within the meaning of specified legislation<sup>7</sup>

which may be determined by the Secretary of State as an appropriate body to which payments on behalf of the claimant may be made in respect of loans made by that body.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 11\(8\)](#); [2 Credit Unions Act 1979, s 1](#);

[3 Consumer Credit Act 1974](#); [4 Industrial and Provident Societies Act 1965, s 1](#);

[5 Charities Act 1992, s 58\(1\)](#); [6 Charities and Trustee Investment \(Scotland\) Act 2005, s 3](#);

[7 Companies \(Audit, Investigations and Community Enterprise\) Act 2004, Part 2](#)

## Eligible loan

D2262 An eligible loan is<sup>1</sup> a loan made by a lender to the borrower, who is at the time the loan was made, an eligible lender, **except** loans which are

1. secured by a charge or pledge **or**
2. for the purposes of business or self-employment **or**
3. made by means of a credit card.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 11\(8\)](#)

## Loan agreement

D2263 Loan agreement means<sup>1</sup> an agreement between the eligible lender and the claimant in respect of an eligible loan.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 11\(8\)](#)

## 5% of the personal allowance

D2264 5% of the personal allowance means<sup>1</sup> in those cases where that percentage is not a multiple of 5 pence, the sum obtained by rounding that percentage to the next higher such multiple.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 11\(8\)](#)

D2265 – D2269

## Rules for deductions from UC

D2270 The DM may make deductions from UC where in any assessment period, the claimant is in arrears in respect of a loan agreement entered into (whether solely or jointly) with an eligible lender in respect of an eligible loan<sup>1</sup>.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 11\(1\)](#)

D2271

## Amount of deduction

D2272 Where the claimant has an award of UC, the DM may<sup>1</sup>

- 1.** deduct, in relation to any assessment period referred to in D2271 **1.**, an amount from the claimant's UC equal to 5% of the standard allowance **and**
- 2.** pay that amount to the eligible lender towards discharging the amount owing under the loan agreement.

D2273

## **Deductions from ESA or JSA**

### **When there is insufficient UC in payment**

D2274 No deductions may be made from the claimant's UC, in relation to that assessment period, where<sup>1</sup>

- 1.** the amount of the claimant's UC is insufficient to enable such a deduction to be made **and**
- 2.** the claimant has been awarded ESA or JSA

but instead, deductions may be made from the claimant's ESA or JSA, at a weekly amount equal to 5% of the personal allowance for a single claimant aged not less than 25, and pay that amount to the eligible lender.

[1 UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 11\(5\)](#)

### **Example**

Judith and Nora make a joint claim to UC (both are over the age of 25). Judith is entitled to JSA of £71.70 per week. As Nora has part-time earnings, their UC is £12.00 per month. The DM receives an application from an eligible lender for a deduction to be made under ELDS. The DM calculates that the amount of a 5% deduction in relation to the claimant's standard allowance of UC would be £24.50 (5% of £489.06 – rounded up to next 5 pence). As there is insufficient UC in payment to enable the monthly deduction to be made, the DM determines that the deduction may be made from Judith's weekly award of JSA (i.e. £3.60 per week).

### **When there is no award of UC**

D2275 Where the claimant has not been awarded UC, but has an award of<sup>1</sup>

- 1.** ESA or
- 2.** JSA

the DM may deduct a weekly amount equal to 5% of the personal allowance for a single claimant aged not less than 25 from any such award, and pay that amount to the eligible lender.

### Example

Alfie and Denise make a joint claim to UC. They live with Denise's parents. Alfie is entitled to JSA of £71.70 per week. Denise is in receipt of CA of £59.75 per week. As both JSA and CA are both taken fully into account when calculating UC, no UC is payable. The DM receives an application from an eligible lender for deductions to be made under the ELDS and decides that the deduction can be made from Alfie's JSA.

D2276 The DM should not take deductions from ESA or JSA if it reduces the amount payable to the claimant to less than 10 pence<sup>1</sup>.

### Prevention of duplicate deductions

D2277 Where the borrower is in receipt of

1. UC or
2. new style ESA or
3. new style JSA

no deduction will be made from an eligible benefit paid under specified legislation<sup>1</sup>, unless the amount of benefit at **1.**, **2.** or **3.** is insufficient to meet the deduction (see DMG 33821 (IS/JSA(IB)) and DMG 46584 (ESA)).

### Example

Petra is entitled to CA of £59.75 per week and UC of £197.33 per month. The DM receives an application from an eligible lender for deductions under ELDS and calculates 5% of Petra's standard allowance of UC as being £15.58. The DM decides that the deduction should be taken from Petra's UC as there is sufficient UC in payment to meet the deduction.



# Third party deductions for integration loan scheme D2311 - D2340

[Introduction](#) D2311 - D232

[Definitions](#) D2321

[Rules for deductions from benefit](#) D2322 - D2340

## Introduction

D2311 The Integration Loan Scheme is a HO designed initiative to help individuals and their dependants settle into the community following a decision to grant them refugee status or humanitarian protection in the UK. The initiative is intended to provide interest free loans<sup>1</sup> to buy goods and services which will assist integration (e.g. essential household items, training) to certain groups.

1 [The Integration Loans for Refugees and Others Regulations 2007, SI 2007 No. 1598](#)

D2312 The Integration Loan Scheme replaces the refugee back payment scheme which ceased on 14.6.07. The new scheme commenced on 11.6.07.

D2313 The HO will deal with loan applications and decide who is eligible and the amount to be awarded. Payment of the loan and subsequent recovery action will be undertaken by Debt Management.

D2314 Deductions for the Integration Loan Scheme will be subject to normal third party deduction rules on maximum number of deductions (see D2025), and are included in the priority order (see D2043).

D2315 – D2320

## Definitions

### Integration loan - recoverable by deductions from UC

D2321 Integration loan which is recoverable by deductions means<sup>1</sup> an integration loan made under specified legislation<sup>2</sup> which is recoverable from the claimant by deductions from UC under that specified legislation.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 12\(4\)](#);

2 [The Integration Loans for Refugees and Others Regs 2007, reg 9](#)

### Rules for deductions from benefit

D2322 Deductions for Integration loans may be applied where the claimant has an integration loan which is recoverable by deductions<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 12\(1\)](#)

D2323

### Amount of deduction

D2324 The rate of deduction for the Integration Loan Scheme, in any assessment period, is an amount equal to 5% of the standard allowance<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 12\(4\)](#)

D2325 Couples may take out a joint loan and so have joint liability for repayment of the debt<sup>1</sup>. If the couple separate, deductions can be taken from either partner. The HO will be responsible for deciding the liability of joint loan applicants who separate.

1 [The Integration Loans for Refugees and Others Regulations 2007, SI 2007 No. 1598](#)

D2326 The claimant should be left with at least 1p UC after third party deductions have been made<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 3\(1\)\(a\)](#)

D2327 – D2340



# Third party deductions for fines D2341 - D2380

[Introduction](#) D2341

[Application for deductions](#) D2342 - D2348

[Can a deduction be made?](#) D2349 - D2365

[Further applications](#) D2366 - D2380

## Introduction

D2341 A court may, after enquiring into an offender's means, find that an offender is claiming UC, new style JSA or new style ESA. The court may then request deductions for payment of an offender's fines, costs, a compensation order or a confiscation order<sup>1</sup>. Deductions for fines may be made from

1. UC **or**
2. new style JSA (hereafter referred to as JSA) **or**
3. new style ESA.(hereafter referred to as ESA)

**Note:** ADM chapter M1 contains guidance on the meaning of new style JSA and new style ESA.

1 [Fines \(Deductions from IS\) Regs 92, reg 2](#)

## Application for deductions

D2342 An application can be made by<sup>1</sup> any

1. magistrates court or fines officer in England and Wales **or**
2. court in Scotland.

1 [Fines \(Deductions from IS\) Regs 92, regs 1\(2\) & 2\(1\)](#)

D2343 Fines officer<sup>1</sup> means the officer of the court responsible for enforcing payment of the sum due.

1 [Courts Act 2003](#)

D2344 It is an offence<sup>1</sup> to fail to provide information essential to making a deduction from benefit application. This offence can only be established where the offender fails to provide prescribed information<sup>2</sup> and is applicable in England and Wales only.

1 [Courts Act 2003, s 96](#); 2 [Fines \(Deductions from IS\) Regs 92](#)

D2345 From 18.12.04 in England and Wales legislation was amended<sup>1</sup> so that the court may require that the offender provide

1. their full name
2. their full address
3. their date of birth
4. their NI number **and**
5. the name of the benefits to which they are entitled

**Note:** In this context benefits means UC, JSA or ESA.

1 [Fines \(Deductions from IS\) Regs 92, reg 2A](#)

D2346 A court can transfer fines, costs, confiscation orders or compensation orders to another court. The receiving court is then responsible for recovery and may apply for third party deductions. However in some cases a court can retain responsibility for collection of the fine when the offender moves outside the area. An application can include more than one fine or compensation order, or combination of both.

D2347 From 3.7.06 in England and Wales DMs need to be aware that deductions for fines can be considered without the offender's consent or existing default in cases where there is an element of compensation in the court order<sup>1</sup>.

1 [Courts Act 2003, Sch 5, para 7A](#)

## **Contents of application**

D2348 The DM must be able to identify the claimant from the details on the application for deductions, which should include<sup>1</sup>

- 1.** the name, address and if known the date of birth of the offender
- 2.** the date when the fine was imposed or the compensation order made
- 3.** the name and address of the court concerned
- 4.** the amount of the fine or compensation order
- 5.** the date on which the application is made
- 6.** the date on which the court enquired into the offender's means
- 7.** in England and Wales, whether the offender

**7.1** is an existing defaulter and his existing default cannot be disregarded

**7.2** has consented to the making of the application<sup>2</sup> **or**

**7.3** is in default on a collection order

- 8.** in Scotland, whether the offender has defaulted in paying the fine, compensation order or any instalment of either.

**Note:** The validity of an application is a matter for the DM.

<sup>1</sup> [Fines \(Deductions from IS\) Regs 92, reg 3](#); <sup>2</sup> [Courts Act 2003, Part 3, Sch 5](#)

## **Can a deduction be made?**

### **UC, JSA or ESA**

D2349 A decision will be made on

- 1.** whether there is enough benefit in payment **and**

**2.** the priority order for deductions **and**

**3.** the rate of deductions.

D2350 The court can withdraw an application at any time.

## **UC**

D2351 No more than 3 third party deductions from UC may be in effect at any one time<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 3\(1\)\(b\)](#)

D2352 Subject to D2353 and D2355, where an application is received from the court in respect of an offender, the DM may deduct from UC, the relevant sum and pay that sum to the courts towards satisfaction of the fine, or the sum required to be paid by compensation order<sup>1</sup>.

1 [Fines \(Deductions from IS\) Regs 92, reg 4\(1A\)](#)

D2353 No amount may be deducted under D2352 where it would reduce the amount of UC payable to the offender to less than 1 penny<sup>1</sup>.

1 [Fines \(Deductions from IS\) Regs 92, reg 4\(1B\)](#)

D2354 The relevant sum within D2352 means a sum amounting to a flat rate of 5% of the appropriate UC standard allowance<sup>1</sup>. For this purpose, appropriate UC standard allowance means the appropriate UC standard allowance under specified legislation<sup>2</sup>.

1 [Fines \(Deductions from IS\) Regs 92, reg 4\(1B\)](#); 2 [UC Regs, reg 20](#)

D2355 The DM should make deductions under D2352 only<sup>1</sup> if

**1.** the offender is entitled to UC throughout any assessment period **and**

**2.** no deductions are made in respect of the offender under any other application.

D2356 For the purposes of D2355, assessment period<sup>1</sup> means the period prescribed in specified legislation<sup>2</sup>.

1 [Fines \(Deductions from IS\) Regs 92, reg 7\(1B\)](#); 2 [UC Regs, reg 21 & reg 22](#)

### **Exceptions to standard rate deduction**

D2357 The exception to deductions in respect of a fine which equal 5% of the standard allowance of the claimant's UC is where

**1.** the deduction could be a nil amount, if other deductions are being made which are

**1.1** higher in the priority order **and**

**1.2** those deductions would make the total amount of deductions exceed the 40% maximum rate.

D2358

### **JSA or ESA**

D2359 Subject to D2362 to D2364, where an application is received from a court in respect of an offender who is entitled to

**1.** JSA or ESA **and**

**2.** the amount payable of that allowance, after any deduction for fines is made is 10 pence or more

the DM may deduct a sum from that benefit, up to the appropriate maximum amount specified in D2360 and pay that sum to the to the court towards satisfaction of the fine, or the sum required to be paid by compensation order<sup>1</sup>.

1 [Fines \(Deductions from IS\) Regs, reg 4\(2\)](#)

D2360 Where the offender is entitled<sup>1</sup> to

**1. JSA or**

**2. ESA**

the appropriate maximum amount is 40% of the appropriate age-related amount for that offender.

[1 Fines \(Deductions from IS\) Regs, reg 4\(2A\)](#)

### **Transitional provisions**

D2361 From 01.04.13 transitional rules apply to D2359. Where there is no break in entitlement when old style contributory JSA or ESA is migrated to new style JSA or ESA, existing deductions at the point of migration will continue to be governed by the old style JSA or ESA rules<sup>1</sup>.

1 Fines, Council Tax, and Community Charge (Deductions from UC and Other Benefits) Regs 2012, reg 23

### **Order of priority**

D2362 Do not make a deduction from JSA for payment of an offender's fine or compensation order if<sup>1</sup> deductions are being made for

**1. CC arrears or**

**2. CT arrears.**

[1 Fines \(Deductions from IS\) Regs 92, reg 4\(3\)](#)

D2363

D2364 In Scotland, the DM can make deductions only where

**1. the offender has defaulted in paying the fine, compensation order, or an instalment of either<sup>1</sup> and**

**2. at the time of application by the court the offender is aged 18 or over<sup>2</sup> and**

**3. the offender is entitled to JSA or ESA throughout any benefit week<sup>3</sup> and**

**4. no deductions are being made in respect of the offender under any other application<sup>4</sup>.**

D2365 From 27.3.06 in England and Wales, the legislation has been modified<sup>1</sup> to

1. allow deductions to be made from benefits for the purpose of recovering a fine with the consent of the offender, whether or not he is in default
2. allow the fines officer as well as the court to apply to the Secretary of State for deductions to be made
3. allow the automatic application for deductions from benefit either immediately by the court (if the offender is an existing defaulter), or by the fines officer upon first default on payment terms agreed with the court
4. enable the fines officer to apply for deductions from benefits as a further step in enforcing a fine against a persistent defaulter, if it is appropriate to do so at that stage in the enforcement process (e.g. if the offender has gone onto benefits since the original repayment terms were set).

1 [Fines \(Deductions from IS\) Regs 92, reg 4](#)

## Further applications

D2366 Further applications may be received when deductions are already being made for fines. Further deductions can be made only when deductions on any earlier application have ceased<sup>1</sup>, or the court has withdrawn the application.

1 [Fines \(Deductions from IS\) Regs 92, reg 7\(5\)](#)

D2367 – D2380



# Third party deductions for Council Tax D2381 - D2410

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[Application for deductions](#) D2382 - D2384

[DMs action](#) D2385 - D2388

[Deductions](#) D2389 - D2403

[Maximum number of deductions](#) D2404

[More than one application](#) D2405 - D2410

## Introduction

D2381 Deductions for arrears of CT<sup>1</sup> may be made from

1. UC **or**
2. new style JSA (hereafter referred to as JSA) **or**
3. new style ESA.(hereafter referred to as ESA)

**Note:** ADM chapter M1 contains guidance on the meaning of new style JSA and new style ESA.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 2\(1\)](#)

## Application for deductions

D2382 A billing authority (in Scotland, levying authority) may ask the DM to make deductions for arrears of CT<sup>1</sup> covered by in

1. England and Wales, a liability order **and**

2. Scotland, a summary warrant or a decree.

1 [Council Tax \(Deductions from IS\) Regs 93, regs 2 & 3;](#)  
[Local Government Finance Act 1992, Sch 4, para 3 & Sch 8, para 6](#)

D2383 In Scotland the warrant or decree may include an amount for arrears of water charges (see D2215). Treat any such arrears as a single debt with the CT arrears.

### **Contents of application**

D2384 The DM must be able to identify the claimant from the details on the application for deductions, which should include<sup>1</sup> the

1. name and address of the debtor
2. name and address of the authority making the application
3. name and place of the court concerned
4. date of the order, warrant or decree
5. amount of the specified in the liability order, summary warrant or decree
6. total amount the authority wishes to have deducted.

**Note:** The validity of an application is a matter for the DM.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 4](#)

### **DMs action**

D2385 Before deductions can be made, the DM must be satisfied that the claimant is a debtor. A person is normally a debtor where there is

1. a liability order against them (in Scotland, a summary warrant or decree) **and**
2. an outstanding sum for which that liability order was made.

D2386 The application for deductions should include the claimant's details and can normally be accepted as evidence that the person named is a debtor. This means that in most cases the DM does not need to see the actual liability order or a certificate from the LA showing the amount outstanding.

D2387 Where a debt is disputed on **reasonable grounds** the DM should investigate the matter and may need to see the liability order and LA certificate. Note that a dispute is not on reasonable grounds if claimants simply say that they are not a debtor.

D2388 The DM should consider any documentary evidence that may be produced showing that liability is in doubt. Although the Department cannot get involved in any dispute, enquiries should be made to the LA. If the DM is not satisfied that the claimant is a debtor deductions should not be made. If deductions have already started the claim should be revised or superseded<sup>1</sup> and deductions stopped. Normal overpayment action should be taken if appropriate.

[1 SS Act 98, s 9 & 10; UC, PIP, JSA & ESA \(D&A\) Regs, regs 5 & 18](#)

### **Example**

Blair gets UC and owns two cottages next door to each other. He lives in one cottage and the other is empty. The LA obtains a liability order against him for CT arrears on the empty cottage and makes a written application for deductions to be made. After deductions start Blair produces a copy of a closure order on the empty cottage showing that the cottage was closed as unfit for human habitation. The LA confirms that the cottage was closed and that as a result no CT is owed for it. The DM is not satisfied that Blair is a debtor. The claim is revised and deductions stop. The effective date is the date the deduction commenced.

## **Deductions**

### **UC, JSA & ESA**

D2389 A decision will be made about

- 1.** whether there is enough benefit in payment **and**
- 2.** the priority order for deductions **and**
- 3.** the rate of deductions.

D2390 – D2392

## UC

D2393 Subject to D2394 and D2402, where an application is received from the court in respect of a debtor, the DM may deduct from UC, the relevant sum and pay that sum to the authority towards satisfaction of any outstanding sum which is or forms part of the amount in respect of which the liability order was made, or the summary warrant or decree was granted<sup>1</sup>.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 5\(1A\)](#)

D2394 No amount may be deducted under D2393 where it would reduce the amount of UC payable to the debtor to less than 1 penny<sup>1</sup>.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 5\(1B\)](#)

D2395 The relevant sum<sup>1</sup> within D2393 means a sum amounting to 5% of the appropriate UC standard allowance and for this purpose, appropriate UC standard allowance means the appropriate UC standard allowance for the debtor under specified legislation<sup>2</sup>.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 5\(1C\)](#); 2 [UC Regs, reg 20](#)

D2396 Deductions can be made from UC under D2393 only<sup>1</sup> if

1. the debtor is entitled to UC throughout any assessment period **and**
2. no deductions are being made in respect of the debtor under any other application **and**
3. no payments are being made for Community Charge arrears under specified legislation<sup>2</sup>.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 8\(1A\)](#);  
2 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 2](#);  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 2](#)

D2397 For the purposes of D2396, assessment period<sup>1</sup> means the period prescribed in specified legislation<sup>2</sup>.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 8\(1B\)](#); 2 [UC Regs, reg 21](#) or [22](#)

D2398

### **JSA or ESA**

D2399 Subject to D2402 and D2405, where an application is received from an authority in respect of a debtor who is entitled to

**1. JSA or ESA and**

**2.** the amount payable of that allowance, after any deduction for council tax is made is 10 pence or more

the DM may deduct a sum from that benefit, up to the appropriate maximum amount specified in D2400 and pay that sum to the authority towards satisfaction of any outstanding sum which is, or forms part of the amount in respect of which the liability order was made, or the summary warrant or the decree was granted<sup>1</sup>.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 5\(2\)](#)

D2400 Where the debtor is entitled<sup>1</sup> to

**1. JSA or**

**2. ESA**

the appropriate maximum amount is 40% of the appropriate age-related amount for that debtor.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 5\(2A\)](#)

D2401

D2402 The DM can make deductions only<sup>1</sup> where

1. the debtor is entitled to JSA or ESA throughout any benefit week **and**
2. no deductions are being made in respect of the debtor under any other application **and**
3. no payments are being made for Community Charges under specified legislation<sup>2</sup>.

1 [Council Tax \(Deductions from IS\) Regs 93, reg 8\(1\)](#)

### **Transitional provisions**

D2403 From 01.04.13, transitional rules<sup>1</sup> apply to D2399. Where there is no break in entitlement when old style contributory JSA or ESA is migrated to new style JSA or ESA, existing deductions at the point of migration will continue to be governed by the old style JSA or ESA rules.

1 Fines, Council Tax, and Community Charge (Deductions from UC and Other Benefits) Regs 2012, reg 23

### **Maximum number of deductions**

D2404 No more than 3 third party deductions from UC may be in effect at any one time<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 3\(1\)\(b\)](#)

### **More than one application**

D2405 Only one application for deductions of CT can be dealt with at any one time<sup>1</sup>. Only one application may be received for the same debtor. Further referrals would be returned to the council. Further deductions can be made only when deductions on any earlier application have ceased.

1 [Council Tax \(Deductions from Benefit\) Regs 93, reg 8\(1\)\(b\)](#)

D2406 – D2410

# Third party deductions for Community Charge D2411 - D2999

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## Introduction

D2411 LAs may request deductions for arrears of CC, where the person owing the debt is a claimant entitled to<sup>1</sup>

1. UC, **or**
2. new style JSA(hereafter referred to as JSA) **or**
3. new style ESA.(hereafter referred to as ESA)

**Note:** ADM chapter M1 contains guidance on the meaning of new style JSA and new style ESA.

[1 Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 1\(2\);](#)  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 1\(2\)](#)

D2412 Recoverable sums include any fines imposed because the person has failed to provide information in connection with registration for the charge.

## Application for deductions

D2413 Recovery of the arrears can be made if the billing authority (in Scotland, levying authority) has obtained from a court

1. in England and Wales, a liability order<sup>1</sup>**and**
2. in Scotland, a summary warrant or a decree<sup>2</sup>.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 2\(1\)](#);

2 [Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 2\(1\)](#)

D2414 In Scotland the warrant or decree may include an amount for arrears of water charges. Treat these arrears as a single debt with CC arrears.

### **Contents of application**

D2415 The DM must be able to identify the claimant from the details on the application for deductions, which should include<sup>1</sup> the

1. name and address of the debtor, or where the liability is against a couple, the names and addresses of both of them
2. name and place of the court concerned
3. date of the order, warrant or decree
4. amount of the specified arrears in the liability order
5. total amount the authority wishes to have deducted.

**Note:** The validity of an application is a matter for the DM.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 2\(2\)](#);

[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 2\(2\)](#)

### **DM's action**

D2416 Before deductions can be made the DM must be satisfied that the claimant is a debtor. A person will normally be a debtor where there is

1. a liability order against them (in Scotland, a summary warrant or decree) **and**
2. an outstanding sum for which that liability order was made.

D2417 The application for deductions should include these details (see D2415) and can normally be accepted as evidence that the person named is a debtor. This means that in most cases the DM does not need to see the actual liability order or a certificate from the LA showing the amount outstanding.

D2418 Where a debt is disputed on **reasonable grounds** the DM should investigate the matter and may need to see the liability order and LA certificate. Note that a dispute is not on reasonable grounds if claimant's simply say that they are not a debtor.

D2419 The DM should consider any documentary evidence that may be produced showing that liability is in doubt. Although the Department cannot get involved in any dispute, enquiries should be made to the LA. If the DM is not satisfied that the claimant is a debtor deductions should not be made. If deductions have already started the claim should be revised or superseded<sup>1</sup> and deductions stopped. Normal overpayment action should be taken if appropriate.

1 [SS Act 98, s 9 & s 10](#); [UC, PIP, JSA & ESA \(D&A\) Regs, regs 5 & 18](#)

### **Example**

Ruth is in receipt of UC. The LA obtains a liability order against her for CC arrears of £200 and makes a written application for deductions to be made from Ruth's UC. Ruth produces an account from the same LA acknowledging that they owe her £50 rather than her owing them anything. The DM is not satisfied that Ruth is a debtor and determines that deductions for CC arrears should not be made.

## **Deductions**

### **UC, JSA & ESA**

D2420 A decision will be made about

- 1.** whether there is enough benefit in payment **and**
- 2.** the priority order for deductions **and**
- 3.** the rate of deductions.

D2421 – D2424

## UC

D2425 Subject to D2428 and D2429, where

1. an application is received from an authority in respect of a debtor who is entitled to UC **and**
2. the amount payable by way of UC, after a deduction for community charge, is 1 penny or more

the DM may deduct from UC, a sum which is equal to 5% of the appropriate UC standard allowance and pay that sum to the authority towards satisfaction of any outstanding sum which is, or forms part of, the amount in respect of which the liability order was made<sup>1</sup>.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 3\(1A\)](#),  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 3\(1A\)](#)

D2426 Appropriate UC standard allowance<sup>1</sup> means the appropriate UC standard allowance for the debtor under specified legislation<sup>2</sup>.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 3\(1B\)](#),  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs, 89, reg 3\(1B\)](#); 2 [UC Regs, reg 20](#)

D2427 Where the sum to be deducted for community charge is not a multiple of 5 pence, it should be rounded to the next higher such multiple<sup>1</sup>.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 3\(3\)](#),  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 3\(3\)](#)

D2428 Before making a deduction under D2425, the priority order in D2043 will be applied<sup>1</sup>.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 3\(4A\)](#),  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 3\(4A\)](#)

D2429 Deductions can be made from UC under D2425 only<sup>1</sup> if

- 1.** the debtor is entitled to UC throughout any assessment period **and**
- 2.** no deductions are being made in respect of the debtor under any other application.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 4\(1A\)](#),  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 4\(1A\)](#)

D2430 For the purposes of D2429, assessment period<sup>1</sup> means the period prescribed in specified legislation<sup>2</sup>.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 4\(1B\)](#),  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs, 89, reg 4\(1B\)](#); 2 [UC Regs, reg 21](#) or [22](#)

D2431

## **JSA or ESA**

D2432 Subject to D2433 and D2434, where

- 1.** an application is received from an authority in respect of a debtor who is entitled to JSA or ESA **and**
- 2.** the amount of JSA or ESA payable before any deduction for community charge, is equal to, or more than one third of the age-related amount applicable to the debtor

the DM may deduct a sum from that benefit which is equal to one third of the age-related amount applicable to the debtor and pay that sum to the authority towards satisfaction of any outstanding sum which is, or forms part of, the amount in respect of which the liability order was made<sup>1</sup>.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 3\(2\)](#);  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 3\(2\)](#)

D2433 Where the sum to be deducted falls under D2432 is not a multiple of 5 pence, it should be rounded to the next higher such multiple<sup>1</sup>.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 3\(3\);](#)  
[Community Charges \(Deductions from IS\) \(Scotland\) Reg, 89, reg 3\(3\)](#)

D2434 Deductions can be made from JSA or ESA under D2432 and D2433 only<sup>1</sup> if

1. the debtor is entitled to JSA or ESA throughout any benefit week **and**
2. no deductions are being made in respect of the debtor under any other application.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 4\(1\);](#)  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 4\(1\)](#)

D2435 No more than 3 third party deductions from UC may be in effect at any one time<sup>1</sup>.

1 [UC, PIP, JSA & ESA \(C&P\) Regs, Sch 6, para 3\(1\)\(b\)](#)

## Order of priority

D2436 There may not be enough benefit to enable deductions to be made for arrears of CC and other debts. The order of priority in D2043 should then be followed<sup>1</sup>.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 3\(4\);](#)  
[Community Charges \(Deductions from IS\) \(Scotland\) Regs 89, reg 3\(4\)](#)

## More than one application

D2437 Only one application for deductions can be dealt with at any one time<sup>1</sup>. More than one application may be received for the same debtor, however any such multiple applications should be referred back to the council. Further deductions can be made only when deductions on any earlier application have ceased.

1 [Community Charges \(Deductions from IS\) \(No. 2\) Regs 90, reg 4\(1\)\(b\);](#)

D2438 – D2999