Welfare Benefits Unit

Universal Credit – when and whether to claim

What is Universal Credit?

Universal Credit is a benefit paid by the government, providing an income to working age people. It can be claimed whether someone is in or out of work.

Universal Credit replaces six legacy benefits: Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Housing Benefit, Working Tax Credit and Child Tax Credit. New claims for legacy benefits can only be made by claimants who live in specified or temporary accommodation, or who receive the severe disability premium in an existing legacy benefit claim (or have done in the last month and still satisfy the conditions).

Some claimants may lose money by claiming too soon or by moving onto Universal Credit rather than staying on their legacy benefit.

When to claim Universal Credit

The amount of Universal Credit received is assessed by looking at the claimant's circumstances and the amount of income received in their monthly assessment period. Usually your client should claim as soon as possible as backdating is only available in very limited circumstances.

Delaying a claim

If your client is expecting a payment in the near future it may be worth delaying the Universal Credit claim as this income may reduce the amount received in the first payment. This may be relevant in the following circumstances:

- A legacy benefit payment. For example, if a fortnightly payment of Jobseeker's Allowance is due.
- A backdated benefit payment. For example, your client is waiting for a backdated payment of Carer's Allowance having recently made a claim.
- A one-off payment. For example, your client has finished work and their final wages or holiday pay is due.

You may need to work out whether the client is better-off delaying (that is, will they lose more Universal Credit during the wait than they gain).

Whether to claim Universal Credit – moving from a legacy benefit

If your client has a change of circumstances and would previously have claimed a legacy benefit as a result, they will now be expected to claim Universal Credit instead. Sometimes they could be worse off making a Universal Credit claim; a better-off calculation may be needed. This particularly affects disabled people, couples under 25 years and families with a disabled child. Those in low paid work often receive the same amount of benefit under Universal Credit, or more.

Some clients may choose not to claim Universal Credit or decide not to go ahead with a change (e.g. moving to a new area).

A claim for income-related Employment and Support Allowance to top up an existing contributory Employment and Support Allowance award is not treated as a new claim and therefore does not trigger a move to Universal Credit. (This does not apply if a claimant is on 'new-style' ESA, claimed in a UC full service area).

Note: if you are entitled to the severe disability premium as part of an existing award of a legacy benefit, you are unable to claim Universal Credit. If you did receive the severe disability premium and moved onto Universal Credit before 16th January 2019, you may be entitled to some compensation. Please see the separate Severe Disability Premium factsheet on our website.

Whether to claim Universal Credit – other income

Some income is treated differently under Universal Credit, in comparison to the legacy benefits. If your client has substantial amounts of income made up from income other earnings a better-off calculation may be needed. The applies for example when someone has a considerable occupational pension or receives Widowed Parent's Allowance.

Moving onto Universal Credit in the future

In the future all claimants on legacy benefits will be moved over to Universal Credit by the DWP. This is expected to take place between 2020 and 2023. If your client moves onto Universal Credit through this managed migration process their benefit will recalculated under the Universal Credit rules. If their Universal Credit entitlement is less than their legacy benefit they will be awarded a transitional addition.

This transitional addition does not apply if your client moves onto Universal Credit due to a change of circumstances (often called natural migration).

www.welfare-benefits-unit.org.uk
Guidance for Advisers