



Understanding UC third party deductions

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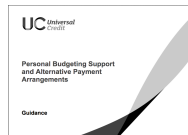
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Why deductions in UC are a problem



The UC regulations allow for higher deductions than in legacy benefits.

DWP tends to apply a blanket policy of deducting at the highest amounts.



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The maximum deduction



There is a rule that restricts the number of certain third party deductions to a maximum of **three**.

Also, a maximum of 40% of the standard allowance (typically £127.12) cannot usually be exceeded.

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But there are exceptions...



Some deductions are not included in the three deductions limit including:

- Recovery of advances;
- Overpayment recovery;
- Child maintenance.

And the 40% limit can be exceeded in some circumstances where it is in the claimant's best interest.

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The solutions



MR/appeal can be used in some cases but more often it will be through negotiation and complaints.

Referencing guidance may help speed things up, e.g..

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 owed¹.

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

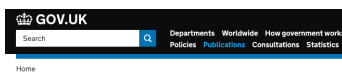
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Accessing the DWP guidance



There are two main pieces of guidance...

- Chapter D2 of the Advice for Decision Making Staff Guide.
- Universal Credit Full Service Guidance



Guidance
Advice for decision making: staff guide

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DETAILS

This one day course, run in partnership with national housing charities, provides a complete introduction to the benefits and tax system. By the end of the course participants will:

- Understand how the benefits system is structured and how it works between contributory, non-contributory and means tested benefits
- Know who can claim each of the benefits which make up the system
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DOCUMENTS

- [BTC Terms Open](#)
BTC Terms OPEN.pdf (91.7 KB)
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