**Disability Rights UK submission to the Independent Review of Carer’s Allowance**

Disability Rights UK (DR UK) is a national charity and Disabled People’s Organisation (DPO). We are the UK’s leading organisation led by, run by, and working for Disabled people. Our vision is a world where Disabled people have equal rights, opportunities, and access to power and our work is rooted in the lived experience of Disabled people. We are a membership organisation and work closely with DPOs across the country.

The National Audit office reported in December 2024 that Carer’s Allowance (CA) overpayments had reached £250 million.

This is a scandal but not one of CA claimant’s making.

In this submission we outline that CA overpayments are squarely the responsibility and fault of the DWP and the solution to them lies with it.

It is unfair and unreasonable to put the burden on hard pressed carers to either solve the problem or face the burden often large overpayment debt repayments.

As well as addressing the questions asked by the review, we conclude by making recommendations on how CA overpayments should be dealt with and how the CA itself should be reformed.

**What is the impact of overpayments on carers and the people they support?**

The impact cannot be overstated. Carers are taking many years to repay the debts, which is causing them financial difficulties as well as having a serious impact on their mental health.

Many carers have left their employment because of receiving an overpayment and many more have had to cut back on their hours and turn down pay rises due to the earnings limit and the fear of getting another overpayment.

Most carers explain that they were unaware that they had gone over the CA earnings limit until they received notification of the overpayment, or had their benefit suspended – sometimes years later after they had been overpaid.

Unpaid carers have been heavily penalised for making honest mistakes, mainly because errors in claims were not being spotted quickly enough by the DWP.

Case study:

*“The word I'd use to describe the impact of overpayments on carers is "Criminalising". Unpaid carers, who have often given up careers, hobbies, social life and more to care for a loved one, are made to feel like frauds or thieves due to circumstances beyond their control. In my personal case, the overpayment was from the DWP themselves who paid me a backdated carer's allowance payment but due to CA being classed as an INCOME as well as a benefit, it took me over the earning threshold and incurred an overpayment. Not only is it money that I was owed, I had no control over how much I was going to be paid. I was left helpless and guilt ridden by the letters they sent me and when I tried to explain the problem no help or guidance was offered, and I was forced to pay back my own payment. Other cases often involve carers who continue to work suffering from the "Cliff edge" effect of carers allowance whereby they exceed the earnings threshold accidentally by as little as £1 and lose all entitlement as a result only for the slow-witted DWP system to play catch up and make them feel like they've tried to get away with a crime.”*

**How far has DWP implemented recommendations from previous reports on overpayments?**

Although the CA scandal caught the public attention in 2024, it has been ongoing for years, during which the DWP has variously denied there was a problem, then promised to fix the problem, then ignored it again, then once again promised to fix it.

In 2016, a DWP whistleblower wrote to the then DWP permanent secretary, Sir Robert Devereux, complaining the failure to manage carer’s allowance overpayments is landing vulnerable carers with huge, avoidable debts and wasting millions of pounds.

An internal audit reveals weaknesses in the system. A year later the DWP closes the whistleblower’s complaint.

In August 2019 the Work and Pensions Committee held an inquiry into overpayments. The findings recommended that the DWP needs to 'completely reassess' its approach to carer's allowance overpayment recovery, and that it should –

* conduct a review of the individual cases where it is seeking to recover overpayments of carer's allowance and where its own administrative failures have allowed overpayments to accrue.
* consider on a case-by-case basis whether overpayments are worth pursuing given its culpability, the cost of recouping the overpayments and the impact on the lives of carers and those who they care for; and
* start with cases of overpayments worth more than £2,500 - the majority (two-thirds) of which its internal audit team found it could have detected earlier - and decide whether it should be writing off amounts where the claimant has made an error in failing to report changes in their circumstances (errors that are easily understandable given the complexity of the rules around carer's allowance and unclear advice issued by the Department).

After the 2019 general election, many of the MPs who raised the alarm on carer’s allowance overpayments lose their seat, so the reform of carer’s allowance dissipates.

[DWP 'blocked' whistleblower giving evidence to Carer's Allowance review](https://uk.news.yahoo.com/dwp-blocked-whistleblower-giving-evidence-071537790.html)

All the Above recommendations were not however accepted in then Government response, meaning of course more carers fell into the trap of overpayments.

The DWP as an entity appears to be very resistant to structural change, to simplify processes and to admit fault. The issue has consistently been ignored or deliberately downplayed.

**Is DWP communication on the rules and process for Carers Allowance claim and management, including reporting changes of circumstances and handling overpayments, clear, straightforward and reflective of understanding carers lives? How easy is it for carers to follow these? Could it be improved?**

What little communication you do receive does not explain that CA is an earning as well as a benefit though it does detail that it operates on a cliff edge system. The main problem with this system is that CA, like UC, use timeframes that are not aligned with how a claimant's wages are paid to calculate their entitlement. So, if two wage packets happen to fall within the same window, the claimant is no better off but still incur a penalty. However, the DWP is so painfully slow, that it logs this without reporting it straight away, meaning overpayments are racked up often unbeknownst to the claimant until the DWP finally catches up months down the line and lands them with hefty penalties.

Case study

*“DWP phone lines are always busy, and carers are kept on hold for up to an hour or more. This is the only way to contact them, as they have no email or portal. It simply is not good enough. In terms of the overpayments, the DWP does not actually handle the debt, they send it off to debt management whom they (as well as UC) refuse to communicate with. If you try and get in touch with debt management to explain your circumstances, they claim ignorance and that they are only there to handle repayment of the debt.*

*There appears to be no empathetic understanding of the lives of carers and what care entails, how they do not in reality have time to sit and spend time talking to the DWP about their situation.”*

**Is the approach to averaging earnings clear and consistent, and could it be improved? Are expenses clearly understood, and could this be improved?**

There’s currently no taper on the current earnings £151 per week threshold, (which is due to rise in April to £196) which means the income cap acts like a cliff edge, even earning even £1 more makes you ineligible for the benefit, so If you breach this limit without realising it, and continue to receive the allowance, then the government will treat it as an overpayment and demand you repay the money. There is no clarity, for instance many CA recipients don’t realise that you cannot get the full amount of both Carer’s Allowance and your state pension at the same time. If your pension is £81.90 a week or more, you will not get a Carer’s Allowance payment. Confusion is rife and the website is overly complicated when reading.

Case study:

*“I think it needs to be made clearer. I got caught out by this as I was under the impression earnings could be averaged out over the financial year, but it is not the case. Earnings are averaged out over a recognisable cycle. It seems unfair that one month you may earn less than the permitted threshold while the next you earn above the threshold. Averaging out income would allow flexibility to those on fluctuating wages who could, in those circumstances possibly claim CA (providing they remain below threshold once their earnings are averaged out”*

**How does Carers Allowance work for the self-employed and could this be improved?**

With CA, one of the conditions that can cause a bit of confusion is the earnings limit, so in the case of the self-employed, earnings fluctuate, meaning confusion and concern over going over thresholds of earnings. Many self-employed people are unsure whether the DWP will accept records not completed by an accountant. The whole system of CA for self-employed people as with much else needs simplifying.

Case study

“*Even though self-employed I never took any work where I would end up over the threshold each week, even if I then had a skinny month afterwards or before that potentially high earning month. It's a very unfair system, conserving how much we save the country.”*

**What are the DWP processes for administering CA, including changes of circumstances, and how consistently are these followed? Could these be improved?**

The eligibility criteria are overly complex for such a small weekly allowance.

The main reason for an overpayment of CA is earnings over the CA limit - [making up over two thirds (7O%) of overpayment cases](https://questions-statements.parliament.uk/written-questions/detail/2024-04-24/23453/).

Due to the cliff edge nature of the CA earnings rule, just a £1 breach of the earnings limit results in an overpayment of all that week’s CA.

However, via HMRC, the DWP is notified of the earnings of all CA claimants.

But shamefully, it does not pay attention to this information. If it did, then overpayments of CA would drastically fall.

While placing the onus and responsibility on claimants to inform them of their earnings levels it neglects to pay attention to and use the information it already has to ensure overpayments do not occur.

A [National Audit Office (NAO) report in 2019](https://www.nao.org.uk/reports/investigation-into-overpayments-of-carers-allowance/?nab=1) found that DWP staffing

levels in the past were not adequate to deal with overpayments quickly enough. It found that two-thirds of carers with earnings-related overpayments of more than £2,500 could have had been notified sooner if the DWP had had sufficient staff in place.

In April 2024, the DWP stated [in a response to a Parliamentary Question](https://questions-statements.parliament.uk/written-questions/detail/2024-04-24/23456) that only around half of the number of overpayments flagged by the Verified Earning and Pension (VEP) system had been reviewed by the DWP.

**Could DWP make better use of the data and information it has from all sources in administering CA, including in supporting claimants to keep DWP updated about their circumstances?**

The DWP does not share information automatically between its different departments. So, although a carer may share information with one part of the DWP, it is not passed on to the CA Unit.

In addition, even if carer informs the DWP of a future change in circumstances in good time, due to delayed processing this can still result in a CA overpayment.

The DWP should ensure that all departments “talk to each other” and share information.

The “earnings cycle” being used by the DWP to calculate a CA claimant’s earnings – for example, weekly, monthly or six weekly – is not shared with the claimant themselves.

The failure to do this places and unfair and unreasonable burden on carers working to zero hours contracts.

Undoubtedly, this means that CA claimants are unaware of breaching the earnings limit.

This information should be automatically with CA claimants and any changes the DWP makes to it following a change in circumstances.

It will then enable CA claimants to challenge the earnings averaging method the DWP is using if it believes it to be unfair.

However, little or no change has since occurred.

**What are the DWP processes for decision making once overpayments are identified, how consistently are they applied, and could they be improved?**

There appears to be no consistency in application of overpayments. The process is overly complicated when reading [Benefit overpayment recovery guide - GOV.UK](https://www.gov.uk/government/publications/benefit-overpayment-recovery-staff-guide/benefit-overpayment-recovery-guide#:~:text=How%20do%20overpayments%20arise?) .

In 2024, the Work and Pensions Committee held two oral evidence sessions on Carer’s Allowance. In May 2024, the Work and Pensions Committee said that since its 2019 CA report “the Government has not made progress to limit the impact of overpayments on unpaid carers”

“In particular, not enough progress has been made to ensure adequate staffing within the Carer’s Allowance Unit, to automate alerts between the Universal Credit and Carer’s Allowance units and to reconsider whether it was worth pursuing individual cases of overpayments given their impact on the lives of unpaid carers and the people they care for.

“Furthermore, the Committee recommended that “DWP must undertake work to improve how it identifies and communicates overpayments with claimants… without delay and without a lengthy process of trials.”

The Committee also recommended more widely for Carer’s Allowance that Government must ensure that carers do not experience financial difficulties because of their caring role and “should determine a benchmark for Carer’s Allowance which relates to living costs”.

The 2019 NAO report found that few overpayments are proven fraud: the number of people the DWP referred for prosecution fell from 1,176 in 2014-15 to 483 people in 2018-19.

By far, most overpayments are due to innocent mistakes by carers not realising they have breached the CA earnings limit.

But the responsibility for the overpayments falls squarely on the DWP failing to act on the HMRC sent information itself holds.

We submit that all innocent overpayments that should have been identified by the DWP should be written off.

**Does DWP strike the right balance between flexibility and consistency in administering CA? could this be improved?**

As we have outlined, the DWP administered CA process is consistent only in its inflexibility and placing the unfair burden and responsibility for overpayments on CA claimants.

We outline recommendations for change at the end of this submission.

**What can best be done to support those who have accrued overpayments?**

**The easy answer is to cancel the incurred debts.** This is the first, best way to support these people as the money they are paying back is best used supporting themselves and the person they are caring for.

 **Care allowance should be paid at the equivalent 35 hours national living wage.**

 **There should be NO earnings limit as it traps people in a cycle of poverty.**

 Ensure carers are made aware of other avenues of support such as

* **NHS Low Income Scheme**: Which helps with healthcare costs.
* **Discounts on household bills**: Including council tax and TV licenses.
* **Support for pension contributions**: If carers have reduced work hours to due to care.

Provide information about respite care, sitting services, group support and links to Carers charities.

A report from Carers UK stated that 63% of carers sharing their experiences said the DWP should make improvements to processes notifying claimants about earnings increases and potential overpayments. 75% said raising the earnings limit to at least 21 hours and pegging it to the National Living Wage would enable them to combine work and care more easily.

**Recommendations**

* Ensure DWP staffing levels and IT systems promptly identify potential overpayments and sending alerts to carers where their earnings may potentially breach the earnings limit
* The DWP should not recover overpayments from CA claimants if it has received notification of their earnings from HMRC
* Improving information sharing and processes within DWP departments
* Improving the information given to carers regarding earnings limits and regularly notifying them as to how their earnings have been calculated for CA purposes.

In answer to a Carers UK survey, when asked what changes to CA

**Recommendation to the consultation reviewer**

While outside the limited remit of the review, we would ask that that the reviewer recommend a further urgent full review of the level of CAl and its eligibility criteria.

CA is said to be a non means tested benefit. However, as earnings are considered as income determining its eligibility it clearly is not.

To qualify for CA, a carer must be caring for a minimum of 35 hours per week.

This means they are unable to undertake full work.

**There should be no CA earnings limit –** it is the care that is being provided by CA claimants that the Government is paying for and making huge savings in doing so.

The [Centre for Care research](https://www.carersuk.org/policy-and-research/key-facts-and-figures/) has found that the economic value of the support provided by unpaid carers in England and Wales is an estimated £162 billion per year

As a result, it is fairer and more administratively simple to have no earnings limit for CA.

There should be no CA earnings limit – it is the care that is being provided that the Government is paying for.

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