

# Written evidence to the House of Commons Public Bill Committee from Citizens Advice

## 1. Executive summary

- New powers requiring banks to scan customers' accounts for indications of fraud or error are likely to lead to more innocent people facing benefit investigations.
- New powers allowing the DWP to directly recover debts from people's bank accounts are likely to affect people in the most vulnerable circumstances.
- The government should commit to a system in which benefit payments are not suspended unless and until wrongdoing has been established.
- We would also like to see the creation of a baseline vulnerability criteria and a tailored offer of support for those identified as needing extra help or protection.

## 2. About Citizens Advice

2.1 Citizens Advice gives people the knowledge and the confidence they need to find their way forward - whoever they are, and whatever their problem.

2.2 Our network of independent charities offers confidential advice online, over the phone, and in person, for free.

2.3 Last year we helped 2.7 million people in person, by phone, email or webchat. Our advice website had over 25 million visits, with 34 million pages viewed (based on pageviews of at least 30 seconds).

2.4 We provided support in 2,588 locations in England and Wales delivered by over 22,000 volunteers and 7,000 staff.

2.5 We use our evidence to show how things can be improved for people.

## 3. Submission

3.1 We understand, and broadly support, the government's drive to reduce fraud and error in the benefit system. However, we have two main concerns with the extended powers granted to the Department for Work and Pensions (DWP) through this bill.

3.2 Firstly, new powers requiring banks to scan customers' accounts for indications of fraud or error are likely to lead to more innocent people facing benefit investigations.

3.3 Secondly, new powers allowing the DWP to directly recover debts from people's bank accounts are likely to affect people in the most vulnerable circumstances.

### 3.4 Banking powers

3.4.1 Our research found that benefit investigations are difficult to resolve and often lead to significant harm.<sup>1</sup> Those who see their benefits suspended are left without essential funds for many months and often struggle to afford essentials, build up significant amounts of debt, and find themselves at risk of eviction.

3.4.2 Even with the support of our advisers, people struggle to engage with fraud review processes and submit evidence to prove their entitlement.

3.4.3 The 2023/2024 DWP Annual Report and Accounts reveal that most people (76%) whose claims are flagged are found to have no fraud or error in their claim.<sup>2</sup> And a trial of the new banking powers found that only around half of claims flagged resulted in a 'positive outcome' for the DWP.<sup>3</sup>

3.4.4 We are concerned that these new powers would result in many more people having their claim flagged, despite not having done anything wrong. Thereby exposing them to significant risk of harm.

### 3.5 Debt recovery

3.5.1 We know that people in vulnerable circumstances often find it difficult to engage with the DWP. While we understand the importance of recovering debt owed to the Government, it is important that safeguards are put in place to ensure the affordability of debt repayments and protect people in vulnerable circumstances from harm.

3.5.2 Our evidence from the people we help with deductions and benefit fraud investigations suggests that current DWP vulnerability procedures are not effective at enabling people to engage with the Department or be protected from undue harm

3.5.3 In our research on benefit fraud investigations last year, we identified 3 main points where people can fall through the net and fail to receive the support they need:<sup>4</sup>

1. When issues are flagged
2. When cases are assessed
3. When support is offered (or not)

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<sup>1</sup> Victoria Anns and Craig Berry (2024) Caught up in the net: how Universal Credit benefit suspensions are affecting people who come to Citizens Advice for help.

<sup>2</sup> In 2023/24, the DWP Enhanced Review Team reviewed over 165,000 claims, and corrected over 39,500, leaving almost 126,500 (76%) which were investigated but not corrected. See DWP Annual Report and Accounts 2023-24, p.103, Chart F: Counter Fraud and Compliance Teams.

<sup>3</sup> PQ 28603. Available at <https://questions-statements.parliament.uk/written-questions/detail/2025-02-04/28603>

<sup>4</sup> Victoria Anns and Craig Berry (2024) Caught up in the net: how Universal Credit benefit suspensions are affecting people who come to Citizens Advice for help.

3.5.4 At present, it is difficult for claimants to flag any vulnerable circumstances to the DWP (or for our advisers to flag these circumstances on claimants' behalf). We are additionally concerned that even when additional needs are flagged, this usually amounts to only a marker within the Universal Credit claimant database that could be missed by DWP agents.

3.5.5 Secondly, even where the DWP is aware of issues such as homelessness or severe disability, our understanding is that they do not always deem these as serious enough to warrant support.

3.5.6 Finally, the support offered to those identified as being in vulnerable circumstances is often not sufficient to help claimants overcome communication barriers and protect them from harm.

3.5.7 It's likely that people in vulnerable circumstances will be overrepresented within the cohort of people who are not engaging with DWP debt recovery management plans. It's therefore important that people's additional needs are better identified and they are supported to positively engage with the Department.

3.5.8 With regards to affordability checks, we are particularly concerned that 3 months' worth of bank statements may not provide the DWP with sufficient evidence to determine the affordability of debt repayments. Some essential costs may only be paid annually, such as water bills or car insurance. Other costs may occur sporadically, such as dental care, seasonal clothing needs, or childcare costs during school holidays. Equally, some income, particularly seasonal or self-employment income, will be unevenly distributed throughout the year. What can appear to be a surplus or savings, may be needed to make up for periods with lower or no income, or to pay taxes. Without a trained debt adviser conducting a review together with the affected person, it will be difficult to accurately assess affordability.

## **4. Recommendations**

4.1 We would like the government to commit to a system in which benefit payments are not suspended unless and until wrongdoing has been established.

4.2 To better identify and support people in vulnerable circumstances during benefit investigations and debt repayment processes, we would like to see the creation of a baseline vulnerability criteria and a tailored offer of support for those identified as needing extra help or protection.

4.3 This would ensure the safeguarding of people who are likely to suffer the greatest harm through benefit investigations or direct deductions from their bank account, while still allowing DWP officers to use their discretion to identify other people who may need additional support.

4.4 We suggest the following groups should be automatically flagged:

- Group 1: those most at risk of financial hardship
  - People with children under the age of 5
  - People experiencing temporary circumstances such as pregnancy or bereavement
  - Disabled people and those with a long-term health condition
  - People affected by domestic abuse
  
- Group 2: those most in need of extra support to engage
  - People who have English as a second language
  - People without internet access, or who have or had non-digital phone claims
  - Disabled people and those with a long-term health condition, especially those with mental health issues or disabilities affecting communication

4.5 People flagged as needing support should receive reasonable adjustments, to try to enable them to engage with the benefit checks or debt repayment. This could include:

- Communicating in a simple and encouraging way, ideally through multiple communication channels (letters, texts and phone calls).
- Giving people more time to respond to requests.
- Proactively offering translators where potentially needed.
- Allowing people to nominate someone to act on their behalf, including a friend, family member, or adviser.

4.6 For those in Group 1 who are at greatest risk of financial harm, the offer of support could also include:

- Not suspending benefit payments while a household engages with the fraud review process.
- Pausing debt recovery to conduct additional affordability checks, beyond checking 3 months of bank statements.
- Reducing the amount of money deducted each month.
- Waiving administrative fees incurred by the bank.
- Halting deductions as soon as someone engages, allowing them to propose a more affordable plan if needed.

**For more information, please contact:**

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