

Guidance Bulletin 342

Subject: Accessing the Repayment Negotiation Framework for Fraud Overpayments

Issued: 20/11/2014

1. Background

1.1 [NAT Update 297](#) introduced a new way in which the process of setting an appropriate rate of repayment is applied for both on and off benefit debtors. This process is known as the Repayment Negotiation Framework (RNF).

1.2 In light of the Ministerial announcement made on 3 November regarding the recovery of overpayments that have arisen due to fraud, this bulletin explains a significant change to when Agents/Advisors negotiate with debtors using the RNF.

2. Change to when to apply the RNF Process

2.1 From Monday 24 November, before entering into any RNF discussions an Advisor/Agent will need to check if an overpayment classified as Fraud/potential prosecution is included in the VRA:

- where there are such overpayments in the VRA, the advisor/agent can only enter into RNF discussions with the customer in limited circumstances detailed within this bulletin;
- where there are no such overpayments in the VRA the RNF process can be followed as normal.

2.2 When a debtor with a fraud overpayment or potential prosecution calls Debt Management claiming hardship an Advisor/Agent should establish what the reasons are.

2.3 Advisor/Agent should:

- ask an open question to establish why the debtor is claiming hardship;
- let the debtor explain their reasons for doing so.

2.4 If it becomes clear during this conversation that the debtor may meet one of the criteria listed in this Bulletin and hardship can be subsequently proven, access to the RNF process may be appropriate.

Contributory Benefit / Non Income Related Benefit

2.5 Where the debtor with a fraud overpayment/potential prosecution is having deductions of up to one third from a contributory benefit, an Advisor/Agent can

negotiate a reduction – but this should not be less than the maximum rate of deduction possible for Income Related Benefits:

- in the case of overpayments classified as fraud this is currently £18.25 per week;
- in the case of potential prosecution cases not classified as fraud this is currently £10.95 per week.

2.6 In cases where one third of the customers benefit is lower than the higher/standard rate as above, the deductions should remain at one third of the customers benefit.

2.7 If the debtor wants to pay less than this they will need to follow the process as set out in this Bulletin.

2.8 For further information see Annex 3 *Questions and Answers for staff*.

Income Related Benefit

2.9 Where there is a fraud/potential prosecution debt in the VRA an Advisor/Agent can only engage in the RNF process where the criteria set out in this Bulletin are met.

Off Benefit

2.10 If an off benefit customer with a fraud/potential prosecution debt in the VRA makes contact to negotiate an off benefit instalment plan and the case is not at DEA payment monitoring (with payments being received from the employer), negotiation can be completed as normal following the RNF process.

2.11 If an off benefit customer with a fraud/potential prosecution debt in the VRA makes contact to negotiate a reduced repayment rate and a DEA is in place (with payments being received from the employer), the advisor/agent can only enter into RNF discussions with the customer where the criteria set out in this Bulletin are met.

Dependent Child

2.12 Where a debtor with a fraud/potential prosecution debt in the VRA wishes to claim hardship, the Advisor/Agent will first need to verify that the debtor has a dependent child before entering into RNF negotiations.

2.13 A dependent child is defined as follows:

- a) Where the debtor, or their partner, is in receipt of Child Benefit and or Child Tax Credit for a child living at the same address as the debtor, or
- b) The debtor or their partner is contributing to the cost of providing for a child (who may or may not live in the same household) for whom Child Benefit and or Child Tax Credit is still in payment.

3. Dependent Child - In Receipt of Child Benefit or Child Tax Credits

3.1 The quickest and easiest way to determine this is to look in the Customer Information System (CIS).

3.2 Check if the household is in receipt of Child Benefit or Child Tax Credits by looking in 'Interests History' and/or 'Award History' in CIS. This may need to be checked via the customer or partner details in CIS (where there is a relationship history held).

3.3 Where this can be verified in CIS, this is enough evidence to determine the debtor is responsible for the maintenance of a child and the RNF process can be followed. Advisor/Agent should input the [Standard Diary Description](#).

4. Action for Advisors/Agents – CHB/CTC not confirmed in CIS

4.1 During the initial contact when the debtor claims they cannot afford to repay at the current rate because they are financially responsible for a child, the Advisor/Agent can enter into the RNF process with **on benefit** debtors but must inform them that any reduction in benefit deductions will be increased to the maximum rate if the debtor does not provide any evidence of specifically being responsible for a child. **They must provide this within one month.**

4.2 Therefore, in the above scenario the Advisor/Agent will need to make relevant amendments to Legacy and Debt Manager, remembering to input a one month plan review date in Debt Manager. A [standard diary descriptor](#) should also be input.

4.3 Please note this temporary RNF process is only available to **on benefit** debtors who are financially responsible for a child.

4.4 For **off benefit** customers who are making repayment via a **Direct Earnings Attachment** (payments are being received from the employer) the customer must provide evidence before any amendment to the repayment rate is made.

4.5 The Advisor/Agent can enter into RNF discussions and agree a reduced rate with the customer, but must advise the customer that this rate will not be implemented until evidence is received. The rate agreed must be noted in Debt Manager.

4.6 If recovery takes place at the higher rate and is subsequently reduced, refunds of the difference between the rates should NOT be made.

5. Dependent Child – Not In Receipt of Child Benefit or Child Tax Credits

5.1 If the debtor claims they cannot afford repayments because they have a dependent child but there is no evidence of Child Benefit or Child Tax Credits being paid on CIS further information will be required.

Examples of Further Evidence

a) This further information may be in the form of a letter from the Child Support Agency confirming a child maintenance agreement with a former partner.

b) The debtor may be able to provide evidence via a letter from HMRC as long as it shows the correct details of the debtor.

c) Bank statements may also provide enough information the debtor is making a financial contribution to a child's welfare.

d) A letter from the courts or a solicitor confirming the debtor is financially responsible for a child's welfare would also be sufficient evidence.

5.2 This list is not exhaustive and the debtor may provide another form of evidence which can be used to verify the debtor is responsible for the maintenance of a child.

5.3 There may be occasions when an Advisor/Agent may accept verbal evidence put forward by a debtor without the need for them to supply written verification (these will require a detailed diary entry explaining why).

6. Evidence Provided

6.1 If the debtor provides any evidence this will be dealt with by the administration teams at each Contact Centre – just like any other piece of post.

6.2 These letters need to be dealt with as soon as possible to prevent any unnecessary phone calls or correspondence from the debtor. When an Advisor/Agent receives one of these pieces of post they should be prioritised.

6.3 An Advisor/Agent will check if the evidence provided is [sufficient](#) to support the RNF decision previously made (see 4.1 above). It is anticipated in most cases the Advisor/Agent will be able to decide if the evidence provided is sufficient or not.

6.4 If it is still unclear whether they are responsible for a child's welfare contact the Support Hub at your Contact Centre with the details of the case (see Annex 1 for details).

6.5 The Support Hub will investigate whether the evidence provided is enough to consider the RNF process.

6.6 If the Support Hub is unsure whether the information provided is sufficient they should contact the Advice Hub with details of the case (this is a role covered by the Performance Team who will support those colleagues carrying out the Support Hub function).

6.7 The Advice Hub will decide if the information provided is sufficient and inform the Support Hub who, in turn, will inform the Advisor/Agent.

6.8 Once the Support Hub informs a Advisor/Agent that the evidence a debtor has provided is sufficient or not a Advisor/Agent should take the following action.

7. Evidence Sufficient for Child Dependent Cases

7.1 Once it is decided that the evidence provided is sufficient:

- for **on benefit** cases:
- the Advisor/Agent will issue a clerical letter to the debtor stating that the reduced repayments agreed in the initial contact will remain for three or six months – depending upon whether the debtor is repaying under the minimum amount or not;
- an Agent/Advisor should set a three or six month plan review date from the date the hardship rate was **initially** agreed.
- for DEA cases:
- once sufficient evidence is provided the customers details should be passed to the [DWP Dearne Valley DEA Employer Interface Team](#) to liaise with the customer's employer to make the appropriate reduction in the recovery rate as noted in DM diary entry.

8. Evidence Insufficient for Child Dependent Cases

8.1 Where the evidence provided is insufficient, a Agent/Advisor will attempt to contact the debtor on the phone to state that they have not provided enough information to maintain the reduced repayments agreed in the initial contact.

8.2 If the debtor cannot be contacted by phone for **on benefit** cases the Advisor/Agent will issue a clerical letter to the debtor stating that they have not sent any or enough evidence to maintain the reduced repayments agreed in the initial contact.

8.3 The Agent/Advisor should increase deductions following BAU process.

8.4 If the debtor cannot be contacted by phone for **DEA** cases the Advisor/Agent will issue a clerical letter to the debtor stating that they have not sent any or enough evidence for repayment to be reduced.

8.5 In all of the above scenarios Advisor/Agent should input the appropriate [Standard Diary Descriptor](#)

9. Clerical Letters

These will be available via the clerical notifications platform.

10. Other Circumstances

10.1 There may be other scenarios where, due to the exceptional circumstances of the debtor, the RNF process might be applied to debtors with an outstanding Fraud/Potential Prosecution overpayment. The links below give further detail of some scenarios where this may apply, together with what evidence would be required:

- [Debtor is suicidal or intends self harm](#)
- [Debtor is terminally ill or has serious health issues which create extra expense](#)
- [Debtor has caring responsibilities which create extra expense](#)
- [Debtor's home/property is at risk if the repayment rate is not amended](#)
- [Debtor's employment is at risk if the repayment rate is not amended](#)

11. Debtor is Suicidal or Intends Self Harm

11.1 Where the debtor claims the current repayment rate will make them consider suicide or self harm, follow the current process for suicide and self harm claims [Suicide and Self Harm Guidance](#)

11.2 If as part of that process (or at a later date) it is considered appropriate to discuss repayment rates then access to RNF should be allowed (for all customers) for as long as the threat of suicide is present. Normal plan review dates should be applied and explained to the customer.

12. Debtor has serious health issues which create extra expense

12.1 Where the debtor or their partner has serious health issues which result in significant additional expenditure and that cost is not fully met by a specific funding stream e.g. free prescriptions or DLA, then access to RNF may be appropriate.

12.2 Advisor/Agents should establish with the debtor the following information:

- a) What additional costs the debtor has as a result of their ill health?
- b) Is this a long term health issue?
- c) Are they already receiving the means to meet these additional costs (for example, these may be met by DLA/AA)?
- d) Are there alternative means to meet these additional costs i.e. the debtor may not be claiming all of the benefits they are entitled to? You should not advise the customer what benefit they are able to claim, but ask if they have considered looking into this further.

12.3 Where the debtor claims to incur additional costs as a result of ill health ask them to provide evidence of the additional expenditure in writing. Please note it is

not the condition of the debtor that we are establishing to verify but the additional expense incurred as a result of that condition.

12.4 Examples of evidence depending on the circumstances may be:

- Copies of hospital appointments
- Copies of prescription receipts
- Fuel Bills
- Doctor's Letter

This list is not exhaustive

12.5 In the meantime, implement or maintain recovery at the maximum rate until verification has been obtained and access to RNF can be considered.

12.6 While speaking to the customer and awaiting further evidence of the costs associated with the debtor or partner's ill health follow the process explained in [section 18](#).

13. Debtor has caring responsibilities which create extra expense

13.1 Access to RNF may be appropriate where

- the debtor or their partner has caring responsibilities for a disabled or elderly person;
- there are no alternative care arrangements possible; and
- this results in significant additional expenditure that are not met in full by a specific funding stream e.g. Carer's Allowance or Carer's Premium paid with an income related benefit.

13.2 Recovery Agents should establish with the debtor the following information:

a) What additional costs the debtor has as a result of their caring responsibilities?

b) Is the debtor caring for somebody on a long term basis?

c) Are there alternative means to meet these additional costs i.e. the debtor may not be claiming all of the benefits they are entitled to? You should not advise the customer what benefit they are able to claim, but ask if they have considered looking into this further.

13.3 Where the debtor claims to incur significant additional costs as a result of caring responsibilities ask them to provide evidence of the additional expenditure in writing. This might be evidence of excessive travel costs to a person requiring care.

13.4 In the meantime, implement or maintain recovery at the maximum rate until verification has been obtained and access to RNF can be considered.

13.5 Again, it is not the condition of the disabled person that we are establishing to verify but the necessity for care and the additional expense incurred as a result of that care responsibility.

13.6 While speaking to the customer and awaiting further evidence of the costs associated with the debtor's caring responsibilities follow the process explained in [section 18](#).

14. Debtor's home/property is at risk if the repayment rate is not amended

14.1 Where the debtor can show that they would be at risk of losing their accommodation if we were to implement recovery at the maximum rate then access to RNF may be appropriate.

14.2 In such cases ask the debtor to provide evidence of their rent or mortgage costs and a full income and expenditure breakdown.

14.3 Examples of evidence depending on the circumstances may be:

- Copy of rent agreement
- Copy of any Housing Benefit award.
- Bank statement showing mortgage payment.
- Letter from lender verifying mortgage repayment.

This list is not exhaustive.

14.4 In the meantime, implement or maintain recovery at the maximum rate until verification has been obtained and access to RNF can be considered.

14.5 While speaking to the customer and awaiting further evidence follow the process explained in [section 18](#).

15. Debtor's employment is at risk if the repayment rate is not amended

15.1 Where the debtor can show that they would be at risk of losing their employment if we were to implement recovery at the maximum rate then access to RNF may be appropriate.

15.2 In such cases ask the debtor to provide evidence of their additional work costs such as fares, uniform, equipment and a full income and expenditure breakdown.

15.3 In the meantime, implement or maintain recovery at the maximum rate until verification has been obtained and access to RNF can be considered.

15.4 While speaking to the customer and awaiting further evidence follow the process explained in [section 18](#).

16. Evidence or Circumstances Not Listed Above

16.1 The examples for the criteria above is not exhaustive so, if the debtor provides evidence not listed above and you are unsure whether this can be considered as sufficient to engage in the RNF process contact the Support Hub at your Contact Centre with the details of the case.

16.2 The Support Hub will investigate whether the evidence provided is enough to consider the RNF process.

16.3 If the Support Hub is unsure whether the information provided is sufficient they should contact the Advice Hub with details of the case.

16.4 The Advice Hub will decide if the information provided is sufficient and inform the Support Hub who, in turn, will inform the Advisor/Agent.

17. Standard Diary Description

17.1 Whenever a customer/representative contacts Debt Management to discuss a reduction in their repayment arrangement (for **on benefit** and **DEA payment monitoring** cases), one of the following diary entries should be utilised.

The diary entry **description** must be identical to the examples below. There should be no variation in the diary description (no spaces, characters or lower case). The **description** should be capital letters only with no spaces.

The **comment** field should provide an explanation of why a person has been allowed to enter the Repayment Negotiation Framework (or asked for more evidence/escalated case etc), ensuring all BAU information is included.

RNF refused diary entry for Fraud/Potential Prosecution recovery:

Category: CFD

Description: RNFR

Comment: Full negotiations held. Deductions remain/input from <<name of benefit>> at £XX.XX pw from XX/XX/XX to XX/XX/XX.

RNF agreed due to child/children for a for Fraud/Potential Prosecution recovery:

Category: CFD

Description: RNFC

Comment: Full negotiations held. Deductions from <<name of benefit>> at £XX.XX pw from XX/XX/XX to XX/XX/XX agreed.

RNF agreed due to 'other' reason for a for Fraud/Potential Prosecution recovery:

Category: CFD

Description: RNFO

Comment: Full negotiations held. Deductions from <<name of benefit>> at £XX.XX pw from XX/XX/XX to XX/XX/XX agreed.

18. Debtor Claims Hardship but Awaiting Evidence (on benefit & DEA)

18.1 When a debtor claims hardship under one of the circumstances outlined in sections 12 to 15 (not child dependency) an Advisor/Agents should take the following action.

18.2 A sustainable repayment rate should be agreed with the debtor but not implemented. Inform the debtor that this rate will **only** be applied if evidence is provided to support their claim of financial hardship.

18.3 The debtor should also be informed that repayment will remain/will be increased to the maximum available amount until suitable evidence is received.

18.4 It is essential a diary note is made similar to the following:

Category: CFD

Description: RNF More Info

Comment: Full negotiations held. Awaiting evidence for ill health/care responsibilities/home at risk/job at risk. Deductions increased/remain/input to maximum rate available from <<name of benefit>> at £XX.XX pw from XX/XX/XX to XX/XX/XX. If suitable evidence is provided reduce repayments to agreed rate of £XX.XX per week.

18.5 Making a diary note similar to the one in 18.4 will ensure that any Advisor/Agent who receives suitable evidence of the debtor's hardship claim can quickly amend the recovery rate to the amount agreed in the original phone conversation.

19. Evidence Sufficient for Other Circumstances

19.1 Where the evidence provided is deemed sufficient for **on benefit** cases the Advisor/Agent will need to amend the deductions in Legacy to the amount agreed in the initial phone call.

19.2 After this, the Advisor/Agent should amend the instalment plan in Debt Manager as per BAU process.

19.3 A plan review date of either three or six months from the date the hardship rate was **initially** agreed will need to be input.

19.4 Then make an appropriate diary note ensuring to input the [Standard Diary Description](#)

19.5 Where the evidence provided is deemed sufficient for **DEA** cases the customers details should be passed to the EI Team [DWP Dearne Valley DEA Employer Interface Team](#) to liaise with the customers' employer to make the appropriate reduction in the recovery rate as noted in DM diary entry.

20. Evidence Insufficient for Other Circumstances (on benefit & DEA)

20.1 Where the evidence provided is insufficient, a Recovery Agent will attempt to contact the debtor on the phone to state that they have not provided enough information to reduce repayments to the rate agreed in the initial contact.

20.2 If the debtor cannot be contacted by phone the Recovery Agent will issue a clerical letter to the debtor stating that they have not sent any or enough evidence to reduce repayments to the rate agreed in the initial contact.

20.3 Therefore, the Recovery Agent does not need to amend the recovery rate. Instead, they should make a [Standard Diary Description](#)

21. Potential Prosecution Cases

21.1 Where the debtor has a potential prosecution on an overpayment a Recovery Agent cannot engage in the RNF process unless one of the criteria listed in this Bulletin is met.

21.2 If none of the criteria listed in this bulletin is met then deductions from benefit must be set to the **standard** rate (currently £10.95 per week) taking into account third party deductions etc. DEA payments would also remain at the rate set by the employer.

22. Mistake Overpayment

22.1 Where the debtor does not have a fraud overpayment or a potential prosecution, the RNF process can be followed.

23. Existing Cases

23.1 Debtors with a Fraud overpayment or potential prosecution who are currently repaying at less than the maximum amount will be reviewed over the next six months to see if these repayments can increase.

23.2 Where possible, deductions will be increased to the maximum amount – taking into account third party deductions etc.

23.3 This exercise may increase the amount of phone calls and post each Contact Centre receives.

23.4 If the debtor contacts Debt Management stating they cannot repay at the new increased rate, a Advisor/Agent will need to establish the reason why by following the process in this Bulletin.

24. Reminder re Universal Credit

24.1 Once a Recovery Agent has determined that the RNF process can be applied they should check if the customer in receipt of Universal Credit. If so, the RNF discussion will need to be conducted by the [Flexible Resource Team](#) based at Contact Centre Trafford. [Process & Procedures 10/14](#) provides more detail on this.

25. Lines to Take (Annex 2)

25.1 Please click [here](#) for the lines to take when dealing with customer queries on this subject.

Question and Answer (Annex 3)

25.2 Please click [here](#) for questions and answers for staff.

Annex 1

Support Hubs

Corby

Bradford

Trafford

Dearne Valley

Nuneaton