

## Universal Credit and financial abuse

### Key points

- *The default system of paying Universal Credit as a single monthly payment to a couple can give abusive partners further opportunities to exert financial control over their partners.*
- *Having split payments as an 'exception' rather than a rule puts survivors in the position of having to disclose financial abuse and to manage the consequences of the abuser finding out.*
- *Financial abuse entails reducing a partner's access to money and resources, and sabotaging work efforts. It has been estimated to affect as many as one in five adults, making it harder for a survivor to leave an abusive relationship.*

## THE PROBLEM

### Universal Credit<sup>1</sup>

Universal Credit (UC) amalgamates different in and out of work means-tested benefits and tax credits, all with different payment mechanisms into a single monthly payment. Couples have to make a joint claim, usually online, so the online account can be accessed by either partner. Awards are assessed monthly and paid monthly in arrears into a single bank account. (This reverses the separation of child and adult tax credits, where Child Tax Credit (and the childcare element of Working Tax Credit) are payable to the main carer). Housing costs are usually paid to claimants within UC, with direct payments to a landlord only as an exception.

### Financial abuse

Financial abuse often co-exists with other kinds of abusive behaviour such as psychological, physical and sexual violence. it can involve:

- economic control (monitoring spending and resources);

- employment sabotage (stopping the partner from working); and
- economic exploitation (using the partner's money, generating debts in the partner's name).

An estimated one in five adults experience financial abuse: one in five women and one in seven men<sup>2</sup>. Compared to men, women experience financial abuse for longer and are more likely to be abused by a former partner. Disabled people are also more at risk.

The impact of financial abuse can include poor health, including mental health, debt, poor credit ratings and difficulty in leaving an abusive partner.<sup>3</sup> Financial abuse is not well-recognised by agencies or sometimes even by survivors, so can be hidden from view.

### UC Alternative Payment Arrangements

To help claimants manage a single monthly payment, the Department for Work and Pensions has developed Personal Budgeting

<sup>1</sup> WBG has a number of concerns about the impact of Universal Credit on gender equality. This short note focusses on the issue of payment into a single bank account. For more information about our other concerns please see our briefing on Universal Credit at <https://wbg.org.uk/wp-content/uploads/2017/11/Universal-credit-briefing-Nov-2017-FINAL.pdf>

<sup>2</sup> Sharp-Jeffs, N (2015) *Money matters: Research into the extent and nature of financial abuse within intimate relationships in the UK:*

The Co-operative Bank and Refuge

<http://cwasu.org/resource/research-into-the-extent-and-nature-of-financial-abuse-within-intimate-relationships/>

<sup>3</sup> Howard, M and Skipp, A (2015) *Unequal, trapped and controlled: women's experience of financial abuse and potential implications for Universal Credit.* Women's Aid/TUC

[www.womensaid.org.uk/financial-abuse-report/](http://www.womensaid.org.uk/financial-abuse-report/)

Support and Alternative Payment Arrangements - direct payment to a landlord, more frequent payments, and splitting the payment between both members of a couple.

Split payments are possible in England and Wales where there is financial abuse or mismanagement. This entails a survivor (or someone on their behalf) disclosing abuse. Whilst 'domestic abuse' is a 'priority' factor, and however sensitively handled by decision-makers, a decision to split is discretionary and likely to be time limited. Online accounts can be accessed by either partner; although there are some 'private' areas, it is unclear if this is a safe channel for splitting requests. Notice of a changed amount would appear in each partner's online account, so the abuser may question their benefit being reduced. 85% of respondents in one survey agreed it was likely that a split payment could worsen the abuse when the partner found out<sup>4</sup>.

In Scotland, separate payments are to be routine following consultation where 88% of responses recommended this<sup>5</sup>. WBG also understand that UC can also be paid into separate bank accounts in Northern Ireland.

There is concern that UC design (especially the single, monthly payment) could create more opportunities for an abusive member of a couple to exert financial control over their partner. In one survey, respondents felt that

- monthly payments would give the abuser a larger amount of money to control;
- joint claims online could be made without the survivor's involvement;
- awarding housing costs within UC could put families at risk of rent arrears through abusers mis-using rent payments<sup>6</sup>.

*"..if you were still with someone and start the process of separate finances in preparation for leaving, I think that would make people more*

*vulnerable. What you're doing is trying to take control back, and that's when it escalates, doesn't it? It could (be) a precipitant for increasing abuse."*

## CONCLUSIONS

We fear that the routine application of a single monthly payment can give perpetrators further mechanisms of financial control, putting survivors at greater risk of abuse and limiting their access to the benefit they are entitled to. Having split payments as a discretionary 'exception' in cases of financial abuse or mismanagement requires a survivor (or a support worker on their behalf) to disclose abuse in order to apply, and if awarded, to suffer any consequences when the abusive partner's UC is reduced.

DWP could follow the approach being developed in Scotland (and Northern Ireland) where the UC award is split between both partners as a matter of routine.

## ABOUT US

The Women's Budget Group is a network of leading feminist economists, researchers, policy experts and campaigners committed to achieving a more gender equal future. <https://wbg.org.uk/>

The End Violence Against Women Coalition is a leading coalition of specialist women's support services, researchers, activists, survivors and NGOs working to end violence against women and girls in all its forms. [www.endviolenceagainstwomen.org.uk](http://www.endviolenceagainstwomen.org.uk)

Contact:  
Mary-Ann Stephenson:  
[maryann.stephenson@wbg.org.uk](mailto:maryann.stephenson@wbg.org.uk)

Marilyn Howard: [Marilyn.Howard@bristol.ac.uk](mailto:Marilyn.Howard@bristol.ac.uk)  
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<sup>4</sup> [www.womensaid.org.uk/financial-abuse-report/](http://www.womensaid.org.uk/financial-abuse-report/)

<sup>5</sup> <https://consult.gov.scot/low-income-benefits/universal-credit-claims-and-payments/>

<sup>6</sup> [www.womensaid.org.uk/financial-abuse-report/](http://www.womensaid.org.uk/financial-abuse-report/)