

Universal Credit and Financial Abuse: Exploring the links

Summary and Recommendations

In this report we define financial abuse as a pattern of coercing and controlling behaviour that control a partner or family member's ability to acquire, use and maintain financial resources¹. Financial abuse often takes place with other types of domestic abuse, such as economic (involving access to food, telephones, transport), psychological, physical and sexual. Economic abuse (encompassing financial abuse) is included in the proposed statutory definition of domestic abuse in England.

The Universal Credit single payment per couple payment per couple

- Universal Credit requires couples to nominate a single bank account. The Government argues that: this can help couples see clearly the effect of their decisions about work on total household income; decisions are best made by the family, not government interference; few couples manage finances separately; and a joint account might allow both partners access.
- The Women's Budget Group is concerned that the single payment could result in less equal couple relationships, and risks further financial abuse. The reduction of women's financial autonomy could result in main carers (usually in practice mothers) losing clearly-labelled child payments, which currently are often paid separately and can provide a lifeline to survivors of domestic abuse.

Financial Abuse

- Financial abuse involves a pattern of behaviour in which one partner controls the other's ability to acquire, use and maintain money and financial resources. Economic abuse refers to control of a wider range of resources (such as food). Both types of abuse often occur with other types of domestic abuse such as psychological, emotional, physical and sexual. Financial abuse is part of the crime of coercive control, and economic abuse is proposed by the government as part of a new statutory definition of domestic abuse.
- Financial abuse could affect as many as one in five adults. It is experienced differently by women and men; for women abuse lasts for longer and also occurs post-separation. Financial abuse is not always recognised (by the survivor or agencies) but is included in the crime of coercive control. The consequences of financial abuse include mental and physical health problems and being without money importantly means that the survivor cannot afford to leave an abusive partner.

Inside the household

- A focus on households rather than the individuals within it can lead to assumptions that resources are fairly shared between couples. However, research by Women's Budget Group members and others highlight that this is not always the case, even where a couple says their finances are jointly pooled.

Studies looking at experiences of individuals within a household highlight that one person (often the woman) can be deprived of essential items to a greater extent than their partner.

- Some forms of control over finances (such as being given a small, insufficient housekeeping allowance and having to ask for more) may suggest particular vulnerability to financial abuse.
- Where there is some financial dependence on a partner, relationships can be unequal and unbalanced, even if not abusive. Whilst perpetrators are clearly to blame when abuse takes place, the Government can take steps to ensure that benefit arrangements do not facilitate abuse nor condone inequality in relationships that may not (yet) be abusive, as gender inequality is both a cause and consequence of abuse.
- Low-income families often have multiple and frequent changes of circumstances, many unrelated to work, which the Universal Credit monthly assessment does not deal well with.

Financial Autonomy

- Financial autonomy includes independence (having an independent income and a sense of ownership and not having to ask for money); privacy (being able to conduct financial affairs without surveillance or control) and agency (being able to make decisions and have access to money via a bank account).
- Universal Credit could reduce financial autonomy across all three aspects, through the single payment nomination and joint, online Universal Credit accounts.
- Independent incomes for women are better achieved through individual entitlement to earnings and non-means-tested benefits.

Universal Credit couple claims and payments

- Concerns about the single payment relate the removal of specially labelled and separately paid tax credits for children, which also improved women's bargaining power; and rules for joint claims which mean there are some joint responsibilities as well as individual ones, and where most of each partner's online Universal Credit account can be accessed by the other.
- There is little information so far on which bank account is being nominated by couples, though some early data suggested that the woman's account is being nominated more frequently than the man's. Under previous out-of-work systems the man tended to be the claimant and for Child Tax Credit this was mainly the woman, as the main carer.

Alternative payment arrangements and split payments by exception

- Recognising that a single, monthly payment could cause budgeting difficulties for some claimants, the Department for Work and Pensions developed Alternative Payment Arrangements such as more frequent payments, direct housing payments to a landlord and splitting an award between the two members of a couple. Split payments are only available in exceptional circumstances where there has been financial abuse or mismanagement, or domestic abuse. These are discretionary and temporary.
- Whilst providing some recognition of financial abuse within Universal Credit, there are concerns that 'exceptional' split payments require disclosure of abuse, which many survivors are reluctant to do, and having a split payment may make the abuse worse. The numbers requesting split payments are small and there is no detail about their circumstances or reasons for applying.
- Split payments within legacy out-of-work benefits had similar 'exceptional' conditions, and apparently few applications. However, a comparison between Universal Credit and the previous system entails

looking at all tax credits and benefits it replaces, including the former routine separation of child and adult payments.

- Consideration could be given to making split payments available for more generic reasons such as to help with budgeting, which could be an interim measure on the way to separate payments or run alongside them as an alternative to mandating a particular form of separation.

Duel nomination and separate payments

- Instead of the single account with 'exceptional' split payments, each partner could nominate a bank account, enabling separate payments to be made as routine. Online Universal Credit accounts could also be separate, only re-linked at DWP. An 'opt-out', either for a single payment or for a different split of UC between the couple, could be available on request, which could give DWP an additional opportunity to identify issues such as financial abuse or other needs, and to refer to support services.
- Separation would give some indication of individual responsibilities and contribute towards creating a new norm indicating equality and zero tolerance of financial abuse. It could also help to promote equality and stability within relationships, facilitating opportunities to discuss finances, and lead to greater financial autonomy, through offering each partner the chance to receive a payment; the privacy of a separate online Universal Credit account; and improving the agency of both partners through each being able to have their own bank account and so having to discuss with their partner how their income is spent.
- When considering how to apportion any separate payment, options should aim, as far as is possible, to narrow the scope for financial abuse, help to ensure that money for children is spent on them, promote the financial autonomy of each partner, improve work incentives and be transparent. Options that could be further developed include a 50/50 split; payment of child element to the lead carer; and payment of other elements to the person who qualifies for them. A process of developing these could include bringing together DWP analysts and relevant expert groups, trialling different options as part of Universal Credit roll-out, and researching the impact of options on preventing financial abuse.

Gender impact of Universal Credit

- Gender affects social security as men and women are still placed differently in the labour market, in relation to benefit entitlement conditions and in the family. More women will be affected by Universal Credit as it rolls out, and when recipients of existing benefits are migrated across.
- The Equality Act obliges public bodies to give due regard to equality considerations as part of their policy-making. This is to help understand potential equality impacts and to address these. However, UC Equality Impact Assessments have been criticised as inadequate and out of date (the last published in 2011), so a new and more comprehensive approach is needed.
- The Women's Budget Group is also concerned about other aspects of Universal Credit such as monthly payment and assessment, application of conditionality requirements, limited work incentives for second earners, lack of uprating so benefits lose value over time, and the two-child limit.
- Other issues of concern regarding domestic abuse and benefits include conditions for and application of the Domestic Violence Easement, the No Recourse to Public Funds rule and Destitute Domestic Violence Concession, Benefit Cap, Housing Benefit restrictions, issues with claiming Child Benefit and other benefits after leaving an abuser.

Recommendations

In the short term the Department for Work and Pensions (DWP) should:

- Gather evidence on the nature and extent of applications for split payments in Income Support and Jobseeker's Allowance, and Universal Credit;
- Set up a working group, similar to the Support and Exceptions Working Group which helped to develop Alternative Payment Arrangements, to develop options for making a separate payment of Universal Credit (UC) to each member of a couple, alongside criteria for evaluating such options;
- During the remainder of UC roll-out, test out different ways of making a separate payment to each member of a couple, as recommended by a Parliamentary Committee in 2015;
- Keep each partner's online UC account separate so that each inputs their bank details, and the accounts are only linked by the Department for Work and Pensions;
- Develop a revised, updated equality impact assessment as suggested by the Equality and Human Rights Commission, including a detailed gender analysis drawing on external expertise such as the Commission, the Women's Budget Group, End Violence Against Women coalition, Surviving Economic Abuse;
- Improve and extend training on domestic abuse, including financial and economic abuse specifically, in the light of proposals in the 2018 cross-government consultation on domestic abuse to include economic abuse within a statutory definition of abuse;
- Provide a safe space for survivors to disclose abuse, locate a domestic abuse 'lead' in every Jobcentre office, and set up strategic level liaison meetings with local specialist domestic abuse services and ensure their inclusion in universal support services;
- Ensure that non-means-tested benefits, such as contributory Employment and Support Allowance and Jobseekers Allowance, and Carers Allowance, remain payable outside UC, and that even when entitled to UC claimants are encouraged to claim these benefits separately, because they can support an independent income for women.

In the medium term:

- Tackle other aspects of UC which disproportionately affect women, such as the weak gains from entering or progressing in employment for many second earners;
- Remove the two-child cap.

In the longer term:

- Consider stripping out child elements from UC and making them non-means-tested (perhaps as an increase to Child Benefit), and return to payment to the person mainly responsible for the care of the child/ren.

Written by Marilyn Howard: June 2018

For more information see the full report Universal Credit and Financial Abuse: Exploring the Links

Women's Budget Group www.wbg.org.uk

End Violence Against Women www.endviolenceagainstwomen.org.uk

Surviving Economic Abuse survivingeconomicabuse.org

¹ Drawing on 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