

## SCHEDULE 5

Regulation 55

### Deductions from benefit and direct payment to third parties

#### Interpretation

1.—(1) In this Schedule—

“assessment period” has the meaning given by regulation 22 of the Universal Credit Regulations;

“child element” means, in relation to any claimant, any amount included in the claimant’s award of universal credit under regulation 25 of the Universal Credit Regulations;

“the Fraud Act” means the Social Security Fraud Act (Northern Ireland) 2001(1);

“the Housing Executive” means the Northern Ireland Housing Executive;

“standard allowance” means, in relation to any claimant, any amount included in the claimant’s award of universal credit under Article 14(1) of the 2015 Order;

“water charges” means charges for water or sewerage under Chapter I of Part VII of the Water and Sewerage Services (Northern Ireland) Order 2006(2);

“the work allowance” means, in relation to any claimant, the amount applicable to that claimant under regulation 23(2) of the Universal Credit Regulations.

(2) For the purposes of this Schedule where the relevant percentage of the standard allowance results in a fraction of a penny, that fraction is to be disregarded if it is less than half a penny otherwise it is to be treated as a penny.

#### General

2.—(1) The Department may deduct an amount from a claimant’s award of universal credit and pay that amount to a third party in accordance with the following provisions of this Schedule to discharge (in whole or in part) a liability of the claimant to that third party.

(2) A payment made to a third party in accordance with this Schedule may be made at such intervals as the Department may direct.

#### Limitations applicable to deductions made under this Schedule

3.—(1) The Department may not deduct an amount from a claimant’s award of universal credit under this Schedule and pay that amount to a third party if, in relation to any assessment period, that would—

- (a) reduce the amount payable to the claimant to less than one penny; or
- (b) result in more than three deductions being made, in relation to that assessment period, under one or more of the provisions mentioned in sub-paragraph (2).

(2) The provisions are—

- (a) paragraph 6 (housing costs);
- (b) paragraph 7 (rent and service charges included in rent);
- (c) paragraph 8 (fuel costs);
- (d) paragraph 9 (rates);
- (e) paragraph 10 (water charges);

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(1) 2001 c. 17 (N.I.).

(2) S.I. 2006/3336 (N.I. 21).

*Status: This is the original version (as it was originally made).*

- (f) paragraph 11 (payments in place of payments of child support maintenance);
- (g) paragraph 12 (integration loans).

(3) The aggregate amount deducted from a claimant's award of universal credit in relation to any assessment period and paid to a third party under paragraphs 8 and 10 must not, without the claimant's consent, exceed the sum equal to 25 per cent. of the aggregate of the standard allowance and any child element.

### **Maximum amount**

4.—(1) Except as provided for in sub-paragraph (4), the Department may not deduct an amount from a claimant's award of universal credit under a provision mentioned in paragraph 5(2) if, in relation to any assessment period, that would result in the Department deducting an amount in excess of 40 per cent. of the standard allowance ("the maximum amount") from the claimant's award under one or more relevant provisions.

(2) The relevant provisions are—

- (a) those mentioned in paragraph 5(2);
- (b) Article 31 of the 2015 Order (higher-level sanctions);
- (c) Article 32 of the 2015 Order (other sanctions);
- (d) section 69ZG of the Administration Act<sup>(3)</sup> (recovery of payments on account);
- (e) section 5B of the Fraud Act<sup>(4)</sup> (loss of benefit in case of conviction, penalty or caution for benefit offence);
- (f) section 6 of the Fraud Act<sup>(5)</sup> (loss of benefit for second or subsequent conviction of benefit offence); and
- (g) section 8 of the Fraud Act<sup>(6)</sup> (effect of offence on benefits for members of offender's family).

(3) For the purposes of determining whether the maximum amount would be exceeded, no account is to be taken of any liability for continuing need mentioned in—

- (a) paragraph 8(4)(b) (fuel costs); or
- (b) paragraph 10(6)(b) or (7)(b) (water charges).

(4) Subject to paragraph 3, the Department may deduct an amount from the claimant's award under paragraph 6, 7 or 8 and pay that amount to a third party where the deduction appears to the Department to be in the claimant's best interests, even though the deduction would result in the maximum amount being exceeded.

### **Priority as between certain debts**

5.—(1) This paragraph applies to a claimant ("C") where, in relation to any assessment period—

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- (3) Section 69ZG is inserted by Article 109(1) of the Welfare Reform (Northern Ireland) Order 2015 ([S.I. 2015/2006 \(N.I. 1\)](#)).
  - (4) Section 5B was inserted by section 19(1) of the Welfare Reform Act (Northern Ireland) 2010 ([c. 13 \(N.I.\)](#)) and amended by Articles 115(8)(a), 117(2) to (6) and 118(2) of, and paragraph 47 of Schedule 2, paragraph 14 of Schedule 3 and Part 1 of Schedule 12 to the Welfare Reform (Northern Ireland) Order 2015.
  - (5) Section 6 was amended by paragraph 33 of Schedule 2 to the State Pension Credit Act (Northern Ireland) 2002 ([c. 14 \(N.I.\)](#)), paragraph 14 of Schedule 3 to the Welfare Reform Act (Northern Ireland) 2007 ([c. 2 \(N.I.\)](#)) and paragraph 1 of Schedule 3 to the Welfare Reform Act (Northern Ireland) 2010 and Articles 117(7) and 118(3) to (11) of, and paragraph 48 of Schedule 2, paragraph 15 of Schedule 3 and Part 1 of Schedule 12 to, the Welfare Reform (Northern Ireland) Order 2015.
  - (6) Section 8 was amended by paragraph 34 of Schedule 2 to the State Pension Credit Act (Northern Ireland) 2002, paragraph 14(4) and (5) of Schedule 3 to the Welfare Reform Act (Northern Ireland) 2007, paragraph 3 of Schedule 3 to the Welfare Reform Act 2010 and paragraph 50 of Schedule 2 and Part 1 of Schedule 12 to the Welfare Reform (Northern Ireland) Order 2015.

- (a) a deduction could otherwise be made from C's award under more than one of the provisions mentioned in sub-paragraph (2); and
  - (b) the amount of universal credit payable to C in relation to that assessment period is insufficient to enable the Department to meet all of the liabilities for which in C's case deductions may be made under those provisions or the deduction, were it to be made, would mean that the maximum amount referred to in paragraph 4(1) would be exceeded.
- (2) The provisions are—
- (a) paragraph 6 (housing costs);
  - (b) paragraph 7 (rent and service charges included in rent);
  - (c) paragraph 8 (fuel costs);
  - (d) paragraph 9 (rates);
  - (e) paragraph 10 (water charges);
  - (f) paragraph 11 (payments in place of child support maintenance);
  - (g) Schedule 6 (deductions from benefit in respect of child support maintenance and payment to persons with care);
  - (h) section 74(2) of the Administration Act (recovery of social fund awards);
  - (i) section 69ZH(1)(a) or (b) of the Administration Act<sup>(7)</sup> (recovery of hardship payments etc.);
  - (j) section 109A of the Administration Act<sup>(8)</sup> (penalty as alternative to prosecution) where an overpayment is recoverable from a person by, or due from a person to, the Department or the Housing Executive under or by virtue of section 69, 69ZB or 73 of that Act<sup>(9)</sup>;
  - (k) sections 69, 69ZC or 73(4) of the Administration Act<sup>(10)</sup> (overpayments and deduction from benefit) or an overpayment of working tax credit or child tax credit, where in each case, the overpayment (or part of it) is the result of fraud;
  - (l) section 69, 69ZC or 73(4) of the Administration Act or an overpayment of working tax credit or child tax credit, where in each case, the overpayment (or part of it) is not the result of fraud;
  - (m) paragraph 12 (integration loans).
- (3) Where this paragraph applies to a claimant, the Department must make a deduction under any of the provisions mentioned in sub-paragraph (2) in accordance with sub-paragraphs (4) and (5).
- (4) The Department must give priority to any such deductions in the order in which they are listed in sub-paragraph (2), with housing costs having the priority.

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(7) Section 69ZH is inserted by Article 109(1) of the Welfare Reform (Northern Ireland) Order 2015.

(8) Section 109A was inserted by Article 14 of the Social Security Administration (Fraud) (Northern Ireland) Order 1997 ([S.I. 1997/1182 \(N.I. 11\)](#)) and amended by section 13 of the Social Security Fraud Act (Northern Ireland) 2001 and Articles 109(3), 115(1) to (7) and 116(1) of, and Part 1 of Schedule 12 to, the Welfare Reform (Northern Ireland) Order 2015.

(9) Section 69 was amended by Article 33(1) of, and paragraph 31 of Schedule 2 and Schedule 3 to, the Jobseekers (Northern Ireland) Order 1995 ([S.I. 1995/2705 \(N.I. 15\)](#)), section 2 of the Social Security (Overpayments) Act 1996 ([c. 51](#)), Schedule 6 to the Tax Credits Act 2002 ([c. 21](#)), paragraph 62 of Schedule 6 to the Social Security (Northern Ireland) Order 1998 ([S.I. 1998/1506 \(N.I. 10\)](#)), paragraph 10 of Schedule 2 to the State Pension Credit Act (Northern Ireland) 2002, paragraph 110 of Schedule 24 to the Civil Partnership Act 2004 ([c. 33](#)), section 135(4) of the Health and Social Care Act 2008 ([c. 14](#)), section 41(3) of, and paragraph 4(6) of Schedule 3 to, the Welfare Reform Act (Northern Ireland) 2007, section 107(2) of the Welfare Reform Act 2012 ([c. 5](#)) and is amended by Articles 109(2) and 110(1) of, and paragraph 9 of Schedule 9 to, the Welfare Reform (Northern Ireland) Order 2015, section 69ZB is inserted by Article 109(1) of the Welfare Reform (Northern Ireland) Order 2015 and section 73 was amended by Article 15 of, and paragraph 2 of Schedule 1 and Schedule 2 to, the Social Security Administration (Fraud) (Northern Ireland) Order 1997, section 62 of the Child Support, Pensions and Social Security Act (Northern Ireland) 2000 ([c. 4 \(N.I.\)](#)) and is amended by Article 110(3) of the Welfare Reform (Northern Ireland) Order 2015.

(10) Section 69ZC is inserted by Article 109(1) of the Welfare Reform (Northern Ireland) Order 2015.

(5) Where two or more provisions mentioned in any single head of sub-paragraph (2) apply to the claimant, unless the Department directs otherwise, those deductions have equal priority with each other and the amount of such deductions are to be apportioned accordingly.

(6) For the purposes of sub-paragraph (2)(k) and (l), an overpayment is the result of fraud if, in relation to that overpayment or that part of it, the claimant—

- (a) has been found guilty of an offence whether under statute or otherwise;
- (b) made an admission after caution of deception or fraud for the purpose of obtaining benefit under the Administration Act, or in the case of a tax credit, under the Tax Credits Act 2002<sup>(11)</sup>; or
- (c) agreed to pay a penalty under section 109A of the Administration Act and the agreement has not been withdrawn.

### **Housing costs**

6.—(1) This paragraph applies where the following condition is met.

(2) The condition is that in any assessment period the claimant is in debt for any item of housing costs which is included in the claimant's award of universal credit under Schedule 5 to the Universal Credit Regulations (housing costs element for owner-occupiers).

(3) Where this paragraph applies, but subject to sub-paragraph (4), the Department may, in such cases and circumstances as it may determine, in relation to that assessment period deduct an amount from the claimant's award equal to 5 per cent. of the standard allowance in respect of any debt mentioned in sub-paragraph (2) and pay that amount or those amounts to the person to whom any such debt is owed.

(4) Before the Department may commence (or re-commence) making deductions in respect of any such debt, the claimant's earned income (or in the case of joint claimants their combined earned income) in relation to the previous assessment period must not exceed the work allowance.

(5) No amount may be deducted under this paragraph in respect of owner-occupier payments within the meaning of paragraph 5 of Schedule 1 to the Universal Credit Regulations (owner-occupier payments) in any case where those payments—

- (a) are required to be paid directly to a qualifying lender under regulation 54; or
- (b) would have been required to be paid to a body which, or a person who, would otherwise have been qualifying lender but for an election given under paragraph 10 of Schedule 4.

(6) As between liability for items of housing costs to which this paragraph applies, liabilities in respect of owner-occupier payments (within the meaning of paragraph 5(1) of Schedule 1 to the Universal Credit Regulations (owner-occupier payments)) are to have priority over all other items.

### **Rent and service charges included in rent**

7.—(1) This paragraph applies where all of the following conditions are met.

(2) The first condition is that in any assessment period the claimant—

- (a) has an award of universal credit which includes an amount under Schedule 4 to the Universal Credit Regulations (housing costs element for renters); or
- (b) occupies exempt accommodation and has an award of housing benefit under section 129 of the Contributions and Benefits Act (housing benefit)<sup>(12)</sup>.

(3) The second condition is that the claimant is in debt for any—

<sup>(11)</sup> 2002 c. 21.

<sup>(12)</sup> Section 129 was amended by Article 8(2) of the Housing Support Services (Northern Ireland) Order 2002 (S.I. 2002/3154 (N.I. 8)) and Schedule 8 to the Welfare Reform Act (Northern Ireland) 2007.

- (a) rent payments;
  - (b) service charges which are paid with or as part of the claimant's rent.
- (4) The third condition is that the claimant occupies the accommodation to which the debt relates.
- (5) Where this paragraph applies, but subject to sub-paragraphs (6) and (7), the Department may, in such cases and circumstances as the Department may determine, deduct in relation to that assessment period an amount from the claimant's award equal to 5 per cent. of the standard allowance and pay that amount to the person to whom the debt is owed.
- (6) Before the Department may commence (or re-commence) making deductions in respect of such a debt, the claimant's earned income (or in the case of joint claimants their combined earned income) in relation to the previous assessment period must not exceed the work allowance.
- (7) The Department must stop making such deductions if, in relation to the three assessment periods immediately preceding the date on which the next deduction could otherwise be made, the claimant's earned income (or in the case of joint claimants their combined earned income) equals or exceeds the work allowance.
- (8) In this paragraph—
- “exempt accommodation” has the meaning given by paragraph 1 of Schedule 1 to the Universal Credit Regulations (meaning of payments in respect of accommodation);
  - “rent payments” includes any elements included in the claimant's rent which would not fall to be treated as rent under the Housing Benefit Regulations (Northern Ireland) 2006<sup>(13)</sup> or as rent payments under the Universal Credit Regulations;
  - “service charges” includes any items in a charge for services in respect of the accommodation occupied by the claimant which would not fall to be treated as service charges under the Universal Credit Regulations.

## **Fuel costs**

- 8.—(1) This paragraph applies where the following condition is met.
- (2) The condition is that in any assessment period the claimant is in debt for any fuel item.
- (3) Where this paragraph applies, but subject to sub-paragraphs (5) and (6), the Department may, in such cases and circumstances as the Department may determine, deduct in relation to that assessment period the following amounts from the claimant's award and pay them to the person to whom the payment is due.
- (4) The amount which may be deducted in respect of any fuel item is—
- (a) an amount equal to 5 per cent. of the standard allowance; and
  - (b) an additional amount which the Department estimates is equal to the average monthly cost necessary to meet the claimant's continuing need for the fuel in respect of which the debt arose, except where current consumption is paid for by other means such as a pre-payment meter.
- (5) Before the Department may commence (or re-commence) making deductions in respect of such a debt, the claimant's earned income (or in the case of joint claimants their combined earned income) in relation to the previous assessment period must not exceed the work allowance.
- (6) The Department must stop making such deductions if, in relation to the three assessment periods immediately preceding the date on which the next deduction could otherwise be made, the claimant's earned income (or in the case of joint claimants their combined earned income) equals or exceeds the work allowance.

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<sup>(13)</sup> S.R. 2006 No. 405.

(7) As between liabilities for items of gas or electricity, the Department must give priority to whichever liability the Department considers it would, having regard to the circumstances and to any requests of the claimant, be appropriate to discharge.

(8) In this paragraph “fuel item” means—

- (a) any charge for mains gas, including any charge for the reconnection of mains gas;
- (b) any charge for mains electricity, including any charge for the disconnection or reconnection of mains electricity.

## **Rates**

9.—(1) This paragraph applies where the following condition is met.

(2) The condition is that in any assessment period the claimant has a current liability for rates (within the meaning of the Rates (Northern Ireland) Order 1977<sup>(14)</sup>) and is in rates arrears.

(3) Where this paragraph applies, but subject to sub-paragraphs (4) and (5), the Department may, where the Department of Finance has requested it to make payment in accordance with this paragraph, deduct in relation to that assessment period an amount from the claimant’s award equal to 5 per cent. of the standard allowance and pay that amount to the Department of Finance.

(4) Before the Department may commence (or re-commence) making deductions in respect of any such debt, the claimant’s earned income (or in the case of joint claimants their combined earned income) in relation to the previous assessment period must not exceed the work allowance.

(5) The Department must stop making such deductions if, in relation to the three assessment periods immediately preceding the date on which the next deduction could otherwise be made, the claimant’s earned income (or in the case of joint claimants their combined earned income) equals or exceeds the work allowance.

## **Water charges**

10.—(1) This paragraph applies where the following condition is met.

(2) The condition is that in any assessment period the claimant is in debt for water charges, including any charges for reconnection (“the original debt”).

(3) Where this paragraph applies, but subject to sub-paragraphs (4) and (5), the Department may, in such cases and circumstances as the Department may determine, deduct an amount from the claimant’s award in accordance with sub-paragraphs (6) to (8) and pay it to a water undertaker to whom the payment is due or to the person or body authorised to collect water charges for that undertaker.

(4) Before the Department may commence (or re-commence) making deductions in respect of such a debt, the claimant’s earned income (or in the case of joint claimants their combined earned income) in relation to the previous assessment period must not exceed the work allowance.

(5) The Department must stop making such deductions if, in relation to the three assessment periods immediately preceding the date on which the next deduction could otherwise be made, the claimant’s earned income (or in the case of joint claimants their combined earned income) equals or exceeds the work allowance.

(6) Where water charges are determined by means of a water meter, the amount to be deducted under this paragraph in relation to any assessment period is to be—

- (a) an amount equal to 5 per cent. of the standard allowance towards discharging the original debt; and

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(14) S.I. 1977/2157 (N.I. 28).



- (b) an additional amount which the Department estimates to be the average monthly cost necessary to meet the claimant's continuing need for water consumption.
- (7) Where water charges are determined otherwise than by means of a water meter, the amount to be deducted in relation to any assessment period under this paragraph is to be—
  - (a) the amount referred to in sub-paragraph (6)(a); and
  - (b) an additional amount equal to the cost necessary to meet the continuing need for water consumption in that assessment period.
- (8) Where the claimant is in debt to two water undertakers—
  - (a) only one amount under sub-paragraph (6)(a) or (7)(a) may be deducted;
  - (b) a deduction in respect of an original debt for sewerage may only be made after the whole debt in respect of an original debt for water has been paid; and
  - (c) deductions in respect of continuing charges for both water and sewerage may be made at the same time.
- (9) In this paragraph “water undertaker” means a company appointed as a water undertaker or a sewerage undertaker under Article 13(1) of the Water and Sewerage Services (Northern Ireland) Order 2006.

### **Payments in place of payments of child support maintenance**

- 11.—(1) This paragraph applies where the Department has determined that Article 40 of the Child Support Order(15) (contribution to maintenance by deduction from benefit), as it has effect apart from section 20 of the Child Support, Pensions and Social Security Act (Northern Ireland) 2000(16), and regulation 28 of the Child Support (Maintenance Assessments and Special Cases) Regulations (Northern Ireland) 1992(17) (amount payable where absent parent is in receipt of income support or other prescribed benefit) apply in relation the claimant.
- (2) Where this paragraph applies, the Department must, if satisfied that there is sufficient universal credit in payment (but subject to paragraphs 1, 4 and 5), determine that an amount is to be deducted from the claimant's award for transmission to the person or persons entitled to receive that amount under or by virtue of the Child Support Order.
- (3) Not more than one deduction may be made under this paragraph in relation to any assessment period.
- (4) The amount of universal credit which may be deducted in relation to any assessment period and paid to a third party under this paragraph is to be an amount equal to 5 per cent. of the standard allowance.

### **Integration loans**

- 12.—(1) This paragraph applies where the claimant has an integration loan which is recoverable by deductions.
- (2) Where this paragraph applies, the amount payable by deductions in any assessment period is to be equal to 5 per cent. of the standard allowance.

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(15) Article 40 was amended by paragraph 25 of Schedule 6 to the Social Security (Northern Ireland) Order 1998.

(16) 2000 c. 4 (N.I.); section 20 amended Article 40 of the Child Support (Northern Ireland) Order 1991 (S.I. 1991/2628 (N.I. 23)) in relation to certain cases only, *see* Article 3 of S.R. 2003 No. 53 (C. 4).

(17) S.R. 1992 No. 341; regulation 28 was amended by regulation 5(10) of S.R. 1993 No. 164, regulation 2(2) of S.R. 1993 No. 191, regulation 21(3) of S.R. 1996 No. 289, regulation 4(13) of S.R. 1998 No. 8 and regulation 18(4) of S.R. 2008 No. 286.

**Status:** This is the original version (as it was originally made).

(3) In this paragraph “integration loan which is recoverable by deductions” means an integration loan which is made under the Integration Loans for Refugees and Others Regulations 2007<sup>(18)</sup> and which is recoverable from the claimant by deductions from the claimant’s award of universal credit under regulation 9 of those Regulations (repayment of an integration loan).

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(18) [S.I. 2007/1598](#); regulation 9 was amended by paragraph 4 of Schedule 3 to [S.I. 2013/380](#) and is amended by paragraph 3 of Schedule 2 to these Regulations.