

Help with collecting benefit or pension payments

Direct Payment into an account is the normal way state pensions and benefits are paid.

Some customers may be unable to collect their benefit in person, for example customers who are unable to leave the house without assistance. These customers may need alternative arrangements on either a temporary or permanent basis.

Other customers may require someone to collect or receive payments on their behalf because they are no longer capable of managing their own affairs – please see the section *Customers incapable of managing their own affairs*.

Account options

It is usually possible for someone to legitimately access the customer's account with their permission. The precise arrangements will depend on the type of account they have and with which account provider. Customers should contact their bank, building society or other account provider to check what arrangements are available and which type of account would be most suitable for their circumstances.

On no account should the customer disclose their PIN (Personal Identification Number) number to a third party in order for them to access their account.

Some current and basic bank accounts can be accessed at Post Office branches through either cheque books or cards and PINs. This option may not be available to third parties. If third party Post Office access is important this should be confirmed with the relevant bank, building society or account provider.

Basic bank accounts are simple accounts that have fewer features and are less flexible. They do not allow overdrafts or cheque books and some will not provide a standing order facility or access via a third party mandate or a letter of authority. They do permit direct debits, a cash card and with most accounts money can be withdrawn at Post Offices.

Customers should be aware that third party access may take some time to set up as there are procedural matters (e.g. identification and verification issues) to resolve.

Payment into a joint account

A joint account may allow both named account holders to access funds at branches, cash machines and in some cases, Post Office counters. This arrangement can avoid the need for the customers to operate an account themselves and gives the additional account holder the access to manage all aspects of the account on the customer's behalf. Provision of a card and PIN to both account holders allows easy access to the account.

Points to consider

Each account holder to a joint account can withdraw all monies and banks can look to each of the account holders for the whole amount outstanding if the account is in debt (the technical term for this is joint and several liability).

To operate a joint account, both parties need to be fully accountable for the running of the account. Consequently this is not an option where the customer is incapable of managing their own affairs and needs an appointee to act on their behalf.

Payment into a third party (someone else's) account

Benefit or pension payments can be paid into a third party account nominated by the customer. This should be someone the person trusts, usually a relative or close friend. The customer must obtain the account holder's permission and authorise the third party to use the money in the way they tell them.

Point to consider

The account holder must also be aware that DWP have the right to recover any money the customer is not entitled to that is overpaid because of the way the system works for payments directly into an account. For example, the customer may supply DWP with information that means they are entitled to less money, but we may not be able to change the amount already sent out. DWP would contact the customer before any money was recovered in this way.

Standing Order to a third party account

If the account provides this facility, the customer can arrange for a Standing Order to be set up. This is an automatic transfer of a fixed amount of money to someone else's account, on a regular basis (e.g. weekly or 4 weekly).

Point to consider

The third party will need to have their own account and may have to wait for the money to be transferred before they can access it. Not all accounts have the facility to make payments by standing order.

Third party mandate

A third party mandate is a formal instruction to a bank by an account owner to provide access to their account by another person.

The terms of the mandate state what authority the third party has. In some cases, the third party may be issued with a card and PIN, which will also allow them to withdraw funds at cash machines.

Points to consider

This would only be suitable for a permanent/long-term arrangement for one named individual (e.g. relative or trusted friend).

Although the third party has no legal title to the funds they will have full access to the account and so will be able to withdraw funds without the customer's knowledge. Many banks and building societies do not provide card and PIN access to third party mandate holders.

A customer can cancel a third party arrangement at any time.

Emergency arrangements

In an emergency situation where a customer is temporarily indisposed, the customer could provide the third party with a cheque. Banks or building societies may accept a signed letter of authority requesting that a third party be able to make a withdrawal from the account.

Points to consider

A letter of authority presents a significant fraud risk and therefore any such facility would be discretionary and would normally be provided as a one-off arrangement only. Not all banks or building societies will accept a signed letter of authority.

Permanent Agent – (Post Office® card account)

Customers who are receiving their payment through a Post Office card account can apply for one other person to be given permanent access to their account. A Permanent Agent can be nominated by the customer on an application form available from the Post Office.

The Permanent Agent will be issued with their own card and PIN which will allow them limited access to the customer's account enabling them to withdraw the customer's money at the Post Office counter (this includes obtaining balance queries at Post Office counters). The Permanent Agent does not have any other access to the account. They are unable to discuss the account with the Post Office Customer Service Helpline or request action on the customers behalf.

The customer only authorises the Permanent Agent to collect payments on their behalf. The customer remains responsible for notifying the Department about all changes in their own circumstances and continues to have access to their account by their own card and PIN.

Points to consider

Although the Permanent Agent has no legal title to the funds, they will have full access to the monies in the account and so will be able to withdraw funds without the customer's approval.

The Permanent Agent is only given the power to access the account. The customer retains full responsibility for the account.

The current Post Office® card account contract ends in March 2010. There will be a new service available after 2010 and customers will receive a similar set of services to those currently provided.

Customers not paid by Direct Payment

If a customer cannot be paid by Direct Payment, the Department will ensure that they still receive their benefit/pension by issuing a cheque payment.

Cheques below a certain value will be uncrossed and can be cashed at a Post Office or paid into a bank account. Higher value cheques will be crossed and must be paid into a bank account.

For customers who rely on other people or different carers to collect their money for them, there is a facility on the back of the cheque for the customer to authorise someone else to cash the cheque on their behalf.

The person who is actually cashing the cheque will also need to sign a declaration on the back of the cheque to indicate they are cashing it on behalf of the customer. The person cashing the cheque will need to produce evidence of both the customer's identity and their own.

Customers incapable of managing their own affairs

A customer may require someone to collect or receive payments on their behalf because they are no longer capable of managing their own affairs. This may be at their request or an arrangement that is made for them.

A DWP officer acting on behalf of the Secretary of State can authorise someone else to act on a customer's behalf if the customer is incapable of managing their benefit. This is called an appointment to act and the person or organisation appointed to act is called an appointee. A Social Security appointee is not

appointed to look after the person's affairs generally, only to deal with the person's benefit entitlement and benefit payments.

Appointee action should only be considered if a customer is incapable of managing their own affairs even if they require some support to do this, e.g. due to a mental or extreme physical disability. Appointee action is not appropriate for customers who are capable of dealing with their own affairs.

Points to consider

The account into which benefits and pensions are paid must be in the appointees name only. An appointee cannot use a joint or third party account.

If the customer had an existing account prior to needing an appointee, this account should be closed and a new one opened in the appointee's name only.

Further Information

For further information about how benefits and pensions can be paid please contact the office that pays the specific benefit/pension.