

GL27 - Compensation, social security benefits and or lump sum payments

About this guide

If you have had an accident, injury or a disease for which someone else is to blame, you may have claimed or be thinking about claiming compensation.

If you are getting a social security benefit or have had a lump sum payment for certain dust related diseases it may affect the amount of compensation you receive.

This guidance tells you how benefits and or lump sums may affect your compensation award and which benefits and or lump sums they are.

If you have a question which is not answered in this guidance or if you just want more advice, see [Where to get help and advice?](#)

To find out how benefits can affect compensation check [Compensation recovery](#)

To find out which benefits can affect compensation check [‘Which benefits count.’](#)

To find out which lump sums can affect compensation: check [‘Which lump sums count.’](#)

Other formats

Compensation Recovery Unit (CRU) intend to produce other language formats on request.

Compensation recovery

How it works

- When someone claims compensation, the person or organisation who is likely to pay you compensation (the compensator) must tell the Compensation Recovery Unit, which is part of the Department for Work and Pensions (DWP).

Have you:

- Claimed or received compensation?
- Received a social security benefit or lump sum payment because of your accident, injury or disease?

If YES to both, the compensator has to pay back to the Department for Work and Pensions the amount of social security benefit or lump sum payment you have received as a result of your accident, injury or disease.

- If you have had an accident, the amount they have to pay equals the total amount of benefit you are paid from the day after the accident or injury up to the date of the final compensation payment or for up to 5 years – whichever is earlier.
- If you have claimed benefit because of a disease, the amount the compensator has to pay is worked out from the day you first claimed a benefit because of the disease up to the date of the final compensation payment or for up to 5 years – whichever is earlier.
- If you have claimed a lump sum payment because of a dust related disease, the amount they have to pay is the equivalent to the total amount of the lump sum or the gross amount of the compensation award, whichever is the least.
- The person or organisation who pays your compensation may in certain circumstances, reduce the amount they pay to account for any monies they are required to pay to the DWP. See 'Which benefits count and which lump sum payments count.'

Which benefits count

For loss of earnings

The person or organisation who pays your compensation can only reduce the compensation you are awarded for loss of past earnings if you have received one of the following benefits to meet the same need:

- Disability Working Allowance
- Employment and Support Allowance
- Incapacity Benefit
- Income Support
- Industrial Injuries Disablement Benefit
- Invalidity Pension
- Invalidity Allowance
- Jobseeker's Allowance
- Reduced Earnings Allowance
- Severe Disablement Allowance
- Sickness Benefit
- Statutory Sick Pay paid before 6 April 1994
- Unemployability Supplement
- Unemployment Benefit.

For cost of care

The person or organisation who pays your compensation can only reduce the compensation you are awarded for cost of care in the past if you have received one of the following benefits to meet the same need:

- Attendance Allowance
- Disability Living Allowance (care component)
- Industrial Injuries Disablement Benefit increase for Constant Attendance Allowance or Exceptionally Severe Disablement Allowance.

For loss of mobility

The person or organisation who pays your compensation can only reduce the compensation you are awarded for loss of mobility in the past if you have received one of the following benefits to meet the same need:

- Disability Living Allowance (mobility component)
- Mobility Allowance.

Which lump sums count

The person or organisation who pays your compensation can reduce any part of your compensation award (including damages paid for pain and suffering) if you have had a lump sum payment under the

- Pneumoconiosis etc, (Workers Compensation) Act 1979 including any extra statutory payments made following the rejection of a claim under the 1979 Act

and/or

- 2008 Diffuse Mesothelioma Scheme

Retirement Pension

Retirement Pension does not have to be paid back from an award of compensation.

But if you get any of the benefits and or lump sum shown above after retirement age, they may have to be paid back.

War Pensions

If you get a pension from the Veterans Agency (previously the War Pensions Agency), this may go down because of the compensation you receive.

If you are awarded compensation

Check the facts

The Compensation Recovery Unit will tell the person or organisation who pays your compensation how much benefit and or lump sum if any, they have to pay back to the Department for Work and Pensions. The information will be shown on a certificate. You or your representative will also be told about this and will receive a copy of the certificate.

If you do not agree with the amount they have to repay to the Department for Work and Pensions, you have the right to ask for a review. There is information on the certificate that tells you what to do.

If you do not agree with the decision to reduce your compensation, you may be able to appeal. You can only do this **after** the person or organisation who pays your compensation payment in order to repay benefits and or lump sums to the Department for Work and Pensions.

You must appeal within **one month** of the date that they make the final payment to the Department for Work and Pensions via the Compensation Recovery Unit.

You can get more information from the Recovery of benefits and or lump sums appeal guide (Z2)

If you are receiving benefit

You must tell **the office that pays your benefit** as soon as you get your compensation payment if you receive:

- Income Support
- Jobseeker's Allowance
- Employment and Support Allowance
- Working Tax Credit
- Housing Benefit
- Council Tax Benefit
- Pension Credit
- If you get a pension from the Service Personnel and Veterans Agency, please make sure you let them know. Call the Veterans Free Helpline on **0800 169 2277**.

Where to get help and advice

Compensation Recovery

If you have any questions about the Compensation Recovery Scheme you can contact the [The Compensation Recovery Unit](#).

Social security benefits

To get more information about social security benefits you can contact [Jobcentre Plus](#).