

Third Party Access - Help with Collecting Benefit or Pension Payments

Direct Payment is the Department's normal method of payment for benefits and pensions. It is a safe, convenient, modern and efficient method of payment that gives people much more choice about when and where they can collect their money.

Customers who are unable to collect their benefit in person may need to make alternative arrangements on either a temporary or permanent basis.

Other customers may require someone to 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, for example, via a Power of Attorney/appointee

Account Options

Many account providers allow for someone else to legitimately access the customer's account with their permission. The precise arrangements will depend on the type of account and which account provider they have. Customers should contact their bank, building society or other account provider to check what arrangements are available.

Under no circumstances should the customer disclose their PIN (Personal Identification Number) to someone else in order for them to access their account.

All basic bank accounts and some current accounts can be accessed at Post Office® branches through either cheque books or cards and PINs. If Post Office® access is important this should be discussed with the account provider.

Basic bank accounts are simple accounts that can be used as a first step towards opening an account with more features but they do not allow overdrafts or cheque books. Some basic accounts do not provide a standing order facility. They do permit direct debits, a cash card and, with most accounts, money can be withdrawn at Post Offices®.

Customers should be aware that giving someone else access to their account may take some time to set up as there will be 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 joint account holder can withdraw all monies and banks can look to either holder 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 normally not an option where the customer is incapable of managing their own affairs and needs an appointee to act on their behalf. However, where there is a long standing joint account arrangement (between, for example, a husband and wife) the bank may be willing to let this continue.

Customers who have a Post Office card account (POca) cannot have joint accounts; a POca must be in the sole name of one person.

Payment into Someone Else's Account

Benefit or pension payments can be paid into someone else's account (third party) if the terms and conditions of the account allow this. The account holder should be someone the person trusts, usually a relative or close friend. The customer must obtain the account holder's permission and authorise them to use the money in the way they wish.

Points to consider

The account holder must also be aware that DWP has the right to take back any money that has been overpaid because of the way the system works for payments 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 issued. DWP would contact the customer before any money was taken in this way.

Standing Order to Someone Else's 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).

Points 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.

Permanent Agent – Post Office card account (POCa)

Customers receiving their payments through a POca can apply for one other person to be given permanent access to their account but, to do so, the account holder **must** be capable of managing their own affairs. 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 money at the Post Office® counter or via Post Office® branded ATMs. They will also be able to receive balance enquiries over the counter or

from the ATM. 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 customer's 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.

Emergency Arrangements

In an emergency situation where a customer is temporarily unable to collect funds, 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.

Customers Not Paid by Direct Payment

Cheques are only intended for those who are unable to open or operate any type of account.

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 can be cashed at a Post Office® or paid into a bank account. Higher value cheques 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 it 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.

Points to consider

Customers must be aware that we have begun a process to replace the current cheque.

We will ensure that there will be suitable arrangements for those customers who use carers to collect their payments and for those who are unable to use plastic cards and PINs.

The decision to pay the customer by cheque will be subject to regular review.

Customers Incapable of Managing Their Own Affairs

Appointees

If a customer is incapable of managing their own affairs the Secretary of State can authorise someone else to act on a customer's behalf. This is called an appointment to act and the person or organisation appointed to act is called an appointee. A Secretary of State (S of S) appointee is not appointed to look after the person's affairs generally, only to deal with the person's benefit entitlement and benefit payments.

Please note that appointee action would not be appropriate if the customer already has another payee appointed by the Court e.g. a Deputy.

If the customer had an existing account prior to needing an appointee, the appointee should be encouraged to notify the bank of the change in the customer's circumstances. The bank may insist that the account should be closed and a new one opened in the appointee's name only.

A POca can be used for receipt of benefits but this must be in the appointee's name only.

Points to consider

The account into which benefits and pensions are paid should normally be in the appointee's name only. With a joint account, both account holders need to take equal responsibility for the operation of that account. This cannot happen

where one party is incapable of understanding what is happening with the account. However, where there is a long standing joint account arrangement (between, for example, a husband and wife) the bank may be willing to let this continue.

If an appointee is reluctant to open a separate account, they should be encouraged to at least let the bank know about the change in the customer's condition, i.e. that they are no longer capable of managing their affairs.

Other Options

A customer can have a Power of Attorney (POA) whether or not they are capable of managing their own affairs. Where someone has a **registered** Enduring or Lasting Power of Attorney (England and Wales) or a Continuing Power of Attorney (Scotland), they should not need a Secretary of State appointee as well.

POAs will be able to take over the running of a POca which had previously been opened by the customer. A POA will not be able to open a new POca on the customer's behalf nor have their own benefits paid into the customer's POca account.

The Court of Protection (England and Wales) can also appoint someone (known as a Deputy) to administer all or some aspects of the customer's affairs, including benefits, where the customer is incapable of managing their affairs. Benefit must not be paid into the Deputy's personal account. The Deputy should open a new account, making it clear that the Deputy is acting on behalf of the customer.

In Scotland, the courts can appoint a "Guardian" to look after all or some aspects of the customer's affairs. Under legislation in the Adults with Incapacity (Scotland) Act 2000, the account should be in the customer's name but making it clear that the Guardian is acting on behalf of the customer. DWP will not pay money directly to the Guardian.

Further Information

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

The British Bankers' Association has published a leaflet giving advice on how to manage another person's bank account when they no longer have capacity.

- » [Banking for people who lack capacity to make decisions](#) (British Bankers' Association website)