





## The content

# Debt Advice Handbook 15th edition

## Description

With living costs and unemployment rising, budgets squeezed and problem debt on the increase, no adviser should be without this essential guide to the practice and process of giving money advice in England and Wales.

Who's this book for?

It is essential for debt advisers, welfare rights advisers, lawyers, local authority and housing association staff, social workers and union official.

What does it do?

The handbook provides the most comprehensive information needed by advisers on the key stages of money advice, including interviewing clients, establishing liability, prioritising debts, preparing a financial statement, negotiating with creditors and dealing with bailiffs. Fully indexed and cross-referenced to law, regulations and official guidance, and to court and tribunal decisions Includes tactical guidance and examples

What's new?

Fully updated to cover all recent changes to legislation, caselaw and court procedure and practice Emphasis is placed on taking due care of vulnerable clients and making sure that any payment arrangements agreed are appropriate. There is a focus on sustainable credit arrangements that do not affect a client's abilities to pay essential living expenses and priority debts.

## Properties

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# 1. Introduction

When advising a client about their debt and expenditure, it is also important to advise them about maximising their income. You can do so by checking that: 1

- they receive all the benefits and tax credits to which they are entitled, and that they are paid the correct amount; *and*
- their tax liability is as low as possible; *and*

- all possible sources of income have been explored.

If you are not a welfare rights specialist, you should consider consulting with colleagues who are, signposting the client to a website considered appropriate by your agency or referring cases to someone who is able to undertake this work.

As a debt adviser, you need a working knowledge of the benefits and tax credits system. It is useful to have access to the books on income maximisation listed in Appendix 2. Materials and tools are also available on the Money and Pensions Service website at [debtquality.org.uk](http://debtquality.org.uk). This chapter assumes general advice knowledge, but cannot explain all the ways in which income can be maximised. Instead, it describes some common ways of increasing income for people in debt.

The rules of entitlement to benefits are in detailed regulations. Many terms are not described fully here and if you are unfamiliar with them, consult CPAG's *Welfare Benefits and Tax Credits Handbook*, which is fully referenced to the law, including caselaw.

The criteria for entitlement are strict and must be met. In particular, these include the following.

- **Claims.** Most benefits and tax credits must be claimed either online, on a paper form or by telephone claim. Satisfying the rules of entitlement is not enough; if a claim is not made for a benefit, the client cannot receive it.
- **Time limits.** There are strict time limits in the benefit system. If your client has been given a deadline to do something connected with their benefits, you should help them to meet it, or contact the DWP/HMRC immediately if this is not possible. Although extensions are sometimes available, do not assume that one will be granted, or that there will be flexibility for your client if they miss a deadline.
- **Backdating.** Some benefits can be backdated, but the rules vary and some important basic benefits, like universal credit (UC), are difficult to backdate.
- **Appeals.** There is a right to appeal most benefit decisions, including whether or not to award benefit. For many DWP benefits, clients must apply for a decision to be reconsidered (known as a 'mandatory reconsideration') before they can appeal. Appeals must be made in writing and within a maximum of 13 months. Errors by the DWP, HMRC and the local authority can be common, but if the client does not appeal an incorrect decision, they may lose out.
- **Residence and immigration tests.** Most benefits have residence, presence and immigration tests. A client who is a 'person subject to immigration control', sponsored or an asylum seeker has limited access to most benefits. Specialist immigration advice should always be obtained for such clients. In addition, most means-tested benefits have residence tests. These mainly affect European Union nationals. Refer to CPAG's *Benefits for Migrants Handbook* for more information.

- **Changes in circumstances.** A client must notify the authority that pays their benefits about any changes of circumstances that might affect their entitlement or the amount – eg, if they are claiming a benefit on the basis of being out of work and then get a job. If they do not do so, they may be overpaid.
- **Overpayments.** If your client has been overpaid an amount of benefit or tax credits, they may have to pay it back. For some benefits, these overpayments must be paid back even when they were due to an error by the authority that pays the benefit. The rules vary for different benefits and there are important rules about appealing an overpayment or asking for recovery to be ‘waived’. For more information, see [here](#).
- **Deductions from benefits.** Deductions can be made from benefits for a wide variety of charges or debts – eg, for fuel or rent arrears. Some deductions can be reduced or paused in certain circumstances. For more information, see [here](#).

The benefits system is complex, and there are many ways of categorising benefits. It can be helpful to think of benefits as falling into three types.

- Contribution-based benefits – eg, contribution-based jobseeker’s allowance (JSA), contributory employment and support allowance (ESA) and retirement pension. Typically, these are based on national insurance contributions and are not means tested. If a client has worked or been self-employed in the past, they may qualify for a contribution-based earnings-replacement benefit.
- Benefits that depend on a person’s circumstances – eg, personal independence payment and child benefit. These are paid because the client has certain needs or falls into a certain category – eg, they have a disability or a child.
- Means-tested benefits or tax credits – eg, UC, pension credit and housing benefit. A client may also have an existing award of income-related ESA, income-based JSA, income support or tax credits, but no new claims can be made for these benefits because they are being replaced by UC. Means-tested benefits top up a client’s benefit and/or other income to a certain level, sometimes referred to as the ‘safety net’.

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## 1 Money and Pensions Service, *Income Maximisation Guidance*, September 2019

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Please be aware that welfare rights law and guidance change frequently. This page was printed on Friday, October 17, 2025 and may go out of date.

