

## NHFA Fears Vulnerable Older People In Care Homes Could Be Subjected To Pension Credit Claw-Back

NHFA Advisers are concerned for people self-funding care homes places from the sale of their former homes who may be subjected to Pension Credit claw-back as a result of confusion at the DWP in the implementation of the Pension Credit “assessed income period”

The Social Security State Pension Credit Regulations 2002 states that an assessed income period, normally five years will end before the planned date if:

- You stop being treated as a member of a couple (for example, if your husband or wife dies or goes permanently into a care home, or you or your partner are in hospital for more than a year);
- You go permanently into a care home;
- Your entitlement to Pension Credit ends.

NHFA Advisers rightfully inform clients of the regulations however, when individuals moving into a care home are notifying the DWP of the change in their circumstances (which should result in the assessed period ending) they are being sent away. The DWP are incorrectly ignoring the event, telling clients “You do not have to tell us about changes to your capital during the assessed income period”. Consequently individuals are continuing to receive up to £79.90 per week Pension Credit they are not lawfully entitled to.

NHFA fear that, just like the recent debacle concerning the overpayment of Working Families Tax Credit, the Treasury will at some time in the future realise the mistakes DWP have made and many innocent older people could be subjected to claw-backs of substantial overpayments, since spent on care home fees.

Philip Spiers says, “ The problem is commonplace and yet another example of mistakes attributable to lack of training in Government Agencies. If the Treasury were to identify such cases in the future we would call for repayment to be waived. Particularly, because they are dealing with a very vulnerable sector of the population who are using their own money to pay for care which many resent and consider should be provided by the State anyway.”

NHFA Advice and free long-term care guides can be obtained from the Care Advice Line **0800 99 88 33**, web site [www.nhfa.co.uk](http://www.nhfa.co.uk).

Further information can be obtained from NHFA, St Leonards House, Mill Street, Eynsham, Oxford, OX29 4JX. Telephone 01865 733000 Email [enquiries@nhfa.co.uk](mailto:enquiries@nhfa.co.uk)

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## **Notes for Editors:**

Pension Credit is a means-tested benefit and is worth approximately £45.50 to £79.90 per week with severe disability premium if someone on a basic state pension is also receiving attendance allowance.

A normal assessed income period is 5 years therefore the maximum amount of overpayment could exceed £20,000 excluding inflationary increases.

**When a person moves into a care home they should be reassessed and given an assessed period lasting for up to 26 weeks or until their property sells. If they do not wish to sell their property and instead take advantage of the local authority's 'loan scheme' to assist with the cost of care home fees then the former home should be treated as capital negating a claim for pension credit or income support.**

**Copies of the Pension Credit Guidance can be found at:**

<http://www.thepensionservice.gov.uk/pdf/pensioncredit/pc10sapr05.pdf>

## **How living in a care home affects your Pension Credit**

Your Pension Credit will be worked out in much the same way as if you were not living in a care home, but there are some differences, as explained below.

### **Couples**

If you live permanently in a care home and your partner does not live there with you, your entitlement to Pension Credit will be looked at separately, as if you were both single people.

### **Capital**

If you live permanently in a care home, the first £10,000 of your capital will be ignored.

If you still own the property you lived in before moving into the care home, its value will be treated as capital unless: **or** your husband or wife, or the person who was your partner when you lived at home still lives in it; **or** a close relative (who is either over 60, disabled or incapable of work) still lives in it; **or** you are trying to sell it.

NHFA independent of all care providers and authorities provides advice and information, available to all regardless of means, on obtaining and paying for long term care. Combining specialist financial advice with the complexities of our care system including local authority assessment and charging procedures, health authority responsibilities, DWP benefits and relevant legal matters. The aim of the NHFA through its nationwide team of specialist advisers is to enable older people meet the cost of chosen care for life whilst also preserving their original capital and with that their independence, dignity and right of choice.

**Free Publications include Long Term Care Guides and an extensive range of 'Infosheets' on common issues.**