Chapter H2: Capital disregards

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Legislation Used in Chapter H2

Abbreviation	Full Title
Housing Act 1985	Housing Act 1985
Housing (NI) Order 1992	Housing (Northern Ireland) Order 1992 No. 1725
Pension Schemes Act (NI) 93	Pension Schemes Act (Northern Ireland) 1993
Children (NI) Order 1995	Children (Northern Ireland) Order 1995 No. 2702
SS C&B (NI) Act 92	Social Security Contributions and Benefit (Northern Ireland) Act 1992
WR (NI) Order 15	Welfare Reform (Northern Ireland) Order 2015 No. 2006
UC Regs (NI) 16	The Universal Credit Regulations (Northern Ireland) 2016 No. 216
SPC Regs (NI)	The State Pension Credit Regulations (Northern Ireland) 2003 No. 28
BSP Regs (NI)	Bereavement Support Payment Regulations (Northern Ireland) 2017 No. 65
UC (TP) Regs (NI) 16	The Universal Credit (Transitional Provisions) Regulations (Northern Ireland) 2016 No. 226
Rates (NI) Order 77	The Rates (Northern Ireland) Order 1977 No. 2157

Chapter H2: Capital disregards

Introduction

The law

H2001 All capital is to be taken into account unless it is to be[1]

1. treated as income **or**

2. disregarded.

1 UC Regs (NI) 16, reg 46(1)

Onus of proof

H2002 The claimant has to show that the capital can be disregarded. If there is no evidence to show capital can be disregarded, it is included when working out the amount of capital a claimant and their partner has.

What the decision maker decides

H2003 The decision maker decides if capital can be disregarded

1. at the date of claim, revision or supersession **and**

2. before it is valued.

The decision maker does not have to know the value of capital to decide if it can be disregarded.

H2004

H2005 Capital is disregarded[1]

1. indefinitely **or**

2. for a period of up to 12 months **or**

3. for a period of up to 6 months **or**

4. for more than 6 months if it is reasonable.

1 UC Regs (NI) 16, reg 48; Sch 10

H2006 – H2020

Capital disregarded indefinitely

Business assets

The law [See ADM Memo 10/20]

H2021 **[See ADM Memo 11/20]** Assets which are used wholly or mainly for the purposes of a trade, profession or vocation which the person is carrying on, are disregarded indefinitely[1].

1 UC Regs (NI) 16, Sch 10, para 7

Example

John owns an amusement arcade in Portrush. He stopped working in the arcade on 31st October and claimed Universal Credit on 3rd November. The assets of the business are a lease on the building, gaming machines and tools used to repair the machines. John states the value of these assets is £45,000. John also states that he is not going to sell the assets because he needs them when he opens the arcade again in the following April. The decision maker decides that the assets of the business can be disregarded.

Note: A different disregard applies if persons are not able to work in the business because they are ill or physically or mentally disabled and are going to start or return to work in the business (see H2231).

Meaning of business assets

H2022 Business assets include standard items such as machinery, vehicles, fixtures and cash held in the bank (including money held following the sale of assets). They may also include items such as customer lists and contacts, current and future contracts and goodwill.

H2023 In the event of their sale, assets may result in an income or capital receipt. A sale of an asset such as "work in hand" may result in an income receipt and so would be appropriate for inclusion in the profit and loss account[1]. Where doubt exists as to whether a particular asset would represent a capital or income receipt upon its sale, the principles of commercial accounting must be applied i.e. the approach that would be taken by an accountant or the Her Majesty's Revenue and Customs to such a receipt or holding.

1 UC Regs (NI) 16, reg 57(3)

Meaning of gainful self-employment

H2024 A claimant is in gainful self-employment if for the purposes of Universal Credit, the Department has determined that

1. the claimant is carrying on a trade, profession or vocation as their main employment **and**

2. the earnings from **1.** above are self-employed earnings **and**

3. the trade, profession or vocation is organised, developed regular and carried on in expectation of profit[1].

Note: Please see Chapter H4: Earned Income: self-employed earnings for details.

1 UC Regs (NI) 16, reg 65

H2025 People can be in gainful self-employment even if they have another job as an employee.

When people are working in the business

H2026 People are working in the business if they do some work for the business in a practical sense. There is no set definition of the type and amount of work that has to be done for the person to be classed as carrying on a trade, profession or vocation and the decision maker must decide each case on its merits[1].

1 R(IS) 14/98

H2027 A partner in a business managed and worked exclusively by others is not working in the business. Such people are often known as a “sleeping partner”. Even if that person receives a share of the profits of the business he is not engaged in that trade, profession or vocation[1].

1 R(IS) 14/98

Personal injury compensation payments

H2028 Where a person has been awarded a sum in consequence of a personal injury to that person and the sum is

1. held in trust **or**

2. administered on behalf of that person by the court **or**

3. only able to be disposed of by the direction of the court

the amount shall be disregarded from the calculation of the person’s capital[1]. Payments made from the Criminal Injuries Compensation Fund and the Thalidomide Trust will be included in this disregard.

Note: See H2170 for guidance on disregarding these payments where none of the circumstances above apply.

1 UC Regs (NI) 16, reg 75(1), (4) & (5)

H2029 The meaning of made "in consequence of a personal injury" can include where the claimant's solicitor fails to secure the personal injury payment and the claimant sues their solicitor for professional negligence and receives a compensation payment to the value of what they should have received. However if any damages are also paid for any additional loss created by the professional negligence then this would not be disregarded[1].

Note 1: Payments of income from the trust are income from capital. However such income is disregarded (see ADM Chapter H5: Unearned income).

Note 2: This disregard does not apply if the injury was to a claimant's deceased partner[2].

Note 3: A payment made in relation to the costs of care associated with an unwanted child in a "wrongful birth" case is a payment made because of a personal injury, for instance in the case of a failed sterilisation or vasectomy.

Note 4: Payments made as compensation for injury to feelings do not fall within this disregard[3].

1 KQ v SSWP (IS) [2011] UKUT 102 (AAC); [2011] AACR 43;
2 R(IS) 3/03; 3 [2024] UKUT 196 (AAC)

H2030 Payments can only come within this disregard where the claimant or partner for whom the payment was made themselves suffered a physical and/or psychological injury. If there is any doubt as to what the payment was awarded for, then the decision maker should request sight of the papers awarding the amount. These should specify on what basis the award was made.

Example 1

Peter's wife was killed in a road traffic accident and he was awarded £36,000 which covered loss of earnings. As the award was not due to Peter suffering any injury to himself, then this amount would be taken into account when calculating his capital.

Example 2

Fiona received £100,000 as the result of an assault on her partner which resulted in his death. The award was for the psychological injury to Fiona arising from her witnessing the attack. As the amount was awarded for the injury to Fiona, the amount is disregarded in calculating her capital.

Payments by Victims' Payments Board

H2031 Where a person has been awarded a sum by the Victims' Payments Board, that sum shall be disregarded from the calculation of the person's capital[1].

Note: Payments by the Victims' Payments Board are made in respect of injuries caused by Troubles-related incidents that took place on or after 1st January 1966 but before 12th April 2010. The payments may be in the form of a lump sum or monthly payments.

1 Victims' Payments Regs 2020, reg 26(1)(a)

Premises occupied as the home

The law

H2032 The premises occupied by a person as their home is disregarded indefinitely. Only one set of premises can be disregarded[1]. In some circumstances, more than one property can make up the premises occupied as the home[2].

1 UC Regs (NI) 16, Sch 10, para 1; 2 Secretary of State v. Miah; R(JSA) 9/03

H2033 – H2036

Premises which have not been occupied as the home

H2037 Premises which

1. have been bought **and**
2. have not been lived in as the home by the claimant or any member of the claimant's family cannot be disregarded[1] as premises occupied as the home.

1 R(SB) 27/84

Premises not occupied as the home for a time

H2038 Premises usually occupied as the home are disregarded if

1. they are not occupied for a time **and**
2. the intention is to return to live in the premises as the home.

For example, if a person goes into residential care on a temporary basis and intends to return to the house which the person usually occupies as the home, the house is disregarded.

The meaning of "Dwelling"

H2039 Dwelling[1] means a "dwelling house" within specified legislation[2]. Dwelling also includes any garage, garden and outbuildings normally occupied by the claimant as his home, including any part thereof not so occupied which it is impracticable or unreasonable to sell separately, together with

1. any agricultural land adjoining that dwelling **and**

2. any land not adjoining that dwelling which it is impracticable or unreasonable to sell separately.

1 UC Regs (NI) 16, Sch 3, para 1(4); 2 Rates (NI) Order 77, art 4 & Sch 5

More than one set of premises owned

H2040 If a claimant owns more than one set of premises, the decision maker will have to decide whether each set of premises can be disregarded as the premises occupied by a person as their home. Where a claimant has only one home that is spread over two physical buildings the decision maker should decide that each is the premises occupied as the home if each is normally occupied by the claimant.

H2041 Factors the decision maker should consider when deciding whether the claimant has only one home are

1. the proximity of the premises, the closer premises are to each other the more likely they are to be one home

2. who lives in each of the premises, for example whether

2.1 each of the premises is occupied by members of the claimant's family (see ADM Chapter E2: Awards, benefit unit and maximum amount) **or**

2.2 one of the set of premises is occupied solely by non-dependants

3. the reason for the purchase of more than one set of premises, for example whether it was

3.1 to avoid statutory overcrowding[1] **or**

3.2 an investment opportunity **or**

3.3 to have a

3.3.a weekend retreat **or**

3.3.b country cottage.

If **2.2**, **3.2** or **3.3** apply, the decision maker should decide that the claimant **does not** have only one home and therefore only one set of premises would be disregarded as the premises occupied as the home.

Note: The definition of "statutory overcrowding" is not covered by legislation in Northern Ireland. However this decision will be made on the same grounds quoted in the Housing Act 1985, by a designated officer of the Northern Ireland Housing Executive.

1 Housing Act 1985, s 325 & 326; Secretary of State v. Miah; R(JSA) 9/03

H2042 When considering whether the claimant normally occupies more than one set of premises as his home, the decision maker should decide that the claimant's home is the place where he

1. lives

2. eats

3. sleeps

4. bathes

5. relaxes

6. enjoys with his family.

Example 1

Keith and Elma have eleven children, eight of whom are at school and three of whom are in work. They all lived in a three bedroom house. When Keith and Elma are advised of the rules of statutory overcrowding they purchase another three bedroom house in the same street. There are two other properties between the houses Keith and Elma own. Elma and the five youngest children continue to live in the original house and the other children go to live in the newly purchased house. Keith lives, sleeps, eats, bathes, relaxes and enjoys with his family the original house four days a week and the newly purchased house three days a week. Keith is made redundant and claims Universal Credit. The decision maker decides that Keith normally occupies both houses. The decision maker also decides that both houses are disregarded as the premises occupied as the home.

Example 2

Carly lives in Coleraine and is in receipt of Universal Credit. She inherits a cottage in Enniskillen. Carly has relatives who live in Enniskillen. She therefore decides to keep the cottage for her use when she visits her relatives. The decision maker decides that the cottage in Enniskillen is not disregarded as the premises occupied as the home.

Example 3

Bruce owns a house in Belfast. He gets a job in Newcastle and buys a flat there to live in during the week. He spends the weekends at his house in Belfast. Bruce loses his job and returns to Belfast to claim Universal Credit. He states he will live in Belfast but will visit his flat once a month in order to maintain it and possibly look for work in Newcastle. The decision maker decides that Bruce does not normally occupy the flat in Newcastle. The decision maker also decides that the flat in Newcastle is not disregarded as the premises occupied as the home.

Example 4

Adam is single. He lives at 25 Station Road which is a semi-detached house. The house adjoining his, 27 Station Road, comes on the market after being uninhabited for two years. It is in a derelict condition. Adam buys it cheaply. He sometimes sleeps and eats at 27 Station Road while he undertakes the necessary repairs in order to let or sell it but he spends most of his time at 25 Station Road. Adam then suffers an injury at work and claims Universal Credit. The decision maker decides that as Adam purchased 27 Station Road as an investment it is not disregarded as the premises occupied as the home.

Example 5

William and his wife Ruth live in a four bedroom house. They have twelve children. To avoid statutory overcrowding, William and Ruth buy another house in the street where they live. Their four eldest children, all of whom are aged over 21 live in this other house and William, Ruth and their other children do not spend any time there. William is made redundant and makes a claim for Universal Credit. The decision maker decides that only the house where William and Ruth live can be disregarded as the premises occupied as the home.

Life insurance policies

The law

H2043 The value of a life insurance policy still in force is disregarded indefinitely[1].

1 UC Regs (NI) 16, Sch 10, para 9

Investments which include life insurance

H2044 Investments which include some life insurance are disregarded indefinitely if the agreement states how payment on death is worked out. It does not matter whether the amount paid on death is

1. more than **or**

2. equal to **or**

3. less than

the amount the person would get if the investment is surrendered the day before the date of death[1].

1 R(IS) 7/98

Money deposited with a housing association

H2045 Money deposited with a housing association is disregarded indefinitely if the money has to be deposited as a condition of living in the home[1]. A housing association is a non-profit making voluntary body formed with the aim of providing good quality low cost housing[2]. See H2235 for disregard where money is deposited with a housing association to purchase premises.

1 UC Regs (NI) 16, Sch 10, para 12; 2 Housing (NI) Order 1992, art 3

Occupational and personal pensions

The law

H2046 The value of any right to receive a pension under

1. an occupational or personal pension scheme[1] **or**

2. any other registered pension scheme[2]

is disregarded indefinitely[3].

1 Pension Schemes Act (NI) 93, Part 1; 2 sec 5; 3 UC Regs (NI) 16, Sch 10, para 10

Payment made to holders of the Victoria Cross or George Cross

H2047 Any payment made to people because they hold the

1. Victoria Cross **or**

2. George Cross

is disregarded indefinitely[1].

1 UC Regs (NI) 16, Sch 10, para 19

Premises lived in by a close relative

The law

H2048 Premises that are occupied as the home by a close relative of a person are disregarded indefinitely where the close relative has

1. limited capability for work **or**

2. reached the qualifying age for State Pension Credit[1].

1 UC Regs (NI) 16, Sch 10, para 2

H2049 A close relative in relation to a person means[1]

1. parent

2. parent-in-law

3. son

4. son-in-law

5. daughter

6. daughter-in-law

7. step-parent

8. step-son

9. step-daughter

10. brother

11. sister

12. where any of **1. - 11.** is a member of a couple, the other member of the couple.

1 UC Regs (NI) 16, reg 2

Premises occupied by former partner

H2050 Premises that are occupied by a person's former partner as their home are disregarded indefinitely where the person and their former partner are not estranged but are living apart by force of circumstances. For example, where the person is in long-term care[1].

1 UC Regs (NI) 16, Sch 10, para 3

H2051 – H2060

Special compensation scheme

H2061 Where a person receives a payment of capital from one of a specified type of compensation scheme, such a payment will be disregarded indefinitely from the calculation of that person's capital[1]. The compensation schemes are those established or approved by the Department or from a trust established with funds provided by the Department and are

1. for the purpose of providing compensation or support in respect of[2]

1.1 a person

1.1.a having been diagnosed with variant Creutzfeldt-Jakob disease **or**

1.1.b being infected from contaminated blood products (these schemes include The Fund, the Eileen Trust, MFET Ltd and Scottish Infected Blood Support Scheme) **or**

1.2 the 2005 London bombings (the London Bombings Relief Charitable Fund) **or**

1.3 persons who have been interned or suffered forced labour, injury, property loss or loss of a child during the Second World War **or**

1.4 the terrorist attacks in London on 22nd March 2017 or 3rd June 2017 (the London Emergencies Trust) **or**

1.5 the bombing in Manchester on 22nd May 2017 (the We Love Manchester Emergency Fund) **or**

1.6 persons who have been the subject of historical institutional child abuse in the United Kingdom **or**

1.7 persons with a disability in order to live independently in their accommodation[3] **or**

2. any payment made under[4]

2.1 the National Emergencies Trust or the Child Migrants Trust **or**

2.2 the Windrush Compensation Schemes **or**

2.3 the Post Office compensation schemes (see H2066) **or**

2.4 the Victims of Overseas Terrorism Compensation scheme **or**

2.5 the Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme **or**

3. any payment made to provide compensation or support in respect of the Grenfell Tower fire[5].

Note 1: A child abuse payment may also include an element paid in respect of a person having been in "harm's way". This means that the person might not have suffered actual abuse but was in an environment where they were at risk.

Note 2: The National Emergencies Trust (registered Charity No. 1182809) was established in 2019 to co-ordinate the distribution of funds raised in response to domestic national disasters and emergencies.

Note 3: The Child Migrants Trust (registered Charity No. 1171479) is a scheme for former British child migrants who were separated from their families and sent overseas as part of the UK government's historic participation in child migration programmes.

Note 4: The Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme provides one-off payments compensating persons who were wrongfully dismissed, discharged or forced to resign from the armed forces due to their sexuality or gender identity.

1 UC Regs (NI) 16, reg 76(2): 2 reg 76(1)(a); 3 reg 76(1)(b); 4 reg 76(1A); 5 reg 76(1B)

Vaccine Damage Payments

H2062 Payments derived from compensation as a consequence of persons becoming severely disabled following vaccination are disregarded indefinitely[1] where

1. a person receives a payment under relevant legislation[2] **or**

2. the partner of a person referred to in **1.** receives a payment which is derived from

2.1 that payment from that person **or**

2.2 their estate **or**

3. the payment is made to the personal representative of a person referred to in **1.** where they

3.1 were the deceased person's partner immediately before death **and**

3.2 receive a payment from the person's estate.

1 UC Regs (NI) 16, reg 76(1C); 2 Vaccine Damage Payments Act 1979

Miscarriage of Justice compensation payments

H2063 Miscarriage of justice compensation payments are disregarded indefinitely[1] where

1. a person receives a payment as described in H2064 **or**

2. the partner of a person referred to in **1.** receives a payment which is derived from

2.1 that payment from that person **or**

2.2 their estate **or**

3. the payment is made to the personal representative of a person referred to in **1.** where they

3.1 were the deceased person's partner immediately before death **and**

3.2 receive a payment from the person's estate.

1 UC Regs (NI) 16, reg 76(1D)

H2064 For the purposes of H2063 a miscarriage of justice compensation payment means

1. a payment made under relevant legislation[1] **or**

2. any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice for the purpose of compensating a person for

2.1 a miscarriage of justice in criminal proceedings **or**

2.2 being wrongfully charged with a criminal offence.

1 Criminal Justice Act 1988, s 133(1)

Contaminated Blood Scheme payments to persons not directly affected

H2065 Where a claim for Universal Credit is made from a person other than a person diagnosed with variant Creutzfeldt-Jacob disease or infected from contaminated blood or blood products, a payment

1. from a scheme established or approved by the Secretary of State **or**

2. from a trust established with funds provided by the Secretary of State to provide compensation for having been so diagnosed or infected **or**

3. which derives from such a payment

is disregarded in any of the circumstances in which it would be disregarded in relation to an award of State Pension Credit[1].

Note 1: See DMG 84426 et seq and DMG 84462 et seq for guidance on circumstances in which the capital is disregarded in State Pension Credit.

Note 2: This disregard also applies to a payment made out of the estate of a person deriving from a payment made to that estate under a scheme referred to above.

1 UC Regs (NI) 16, reg 76(3); SPC Regs (NI) 03, Sch V, paras 13 & 15

Example

Stephen is claiming Universal Credit. Stephen receives a payment of £20,000 from the estate of his late uncle. This money was originally paid directly to the estate of Stephen’s uncle from an approved blood scheme as a result of being infected from contaminated blood products. As the payment from the estate of Stephen’s uncle was derived from a payment made under an approved blood scheme, the decision maker decides that this payment can be disregarded indefinitely.

Post Office compensation schemes

H2066 In H2061 **2.3** the Post Office compensation schemes include[1]

1. the Capture Redress scheme
2. the Group Litigation Order scheme
3. the Horizon Convictions Redress scheme
4. the Horizon Shortfall scheme
5. the Overturned Convictions scheme
6. any other compensation scheme connected with the failings of the Horizon system and the subsequent litigation[2].

1 UC Regs (NI) 16, reg 76(1A)(e); 2 Bates and Others v Post Office Ltd (No. 3) "Common Issues"

Arrears of Carer's Allowance after reassessment following Sayce Review

H2067 A payment received on or after 16.7.26 following a recalculation of Carer's Allowance under the Sayce Review is disregarded indefinitely. Such payment may be received where[1]

1. a decision was made about the claimant's Carer's Allowance entitlement due to fluctuating earnings between 10.4.15 and 2.9.25 **and**
2. that decision led to an overpayment of Carer's Allowance **and**
3. following a reassessment conducted since 13.4.26, the Department determines that the claimant's earning should have been averaged.

Note: Arrears of Carer's Allowance that are not due to the reassessment exercise in **3.** are not disregarded.

1 UC Regs (NI) 16, Sch 10, para 18ZB

Example 1

Freyja was in receipt of Carer's Allowance as a carer for her sister Greta but had also taken irregular shift work at a local convenience store, so that her earnings fluctuated and exceeds the earnings limit for Carer's Allowance four times in a nine-week period. On 10.12.24 a decision was made that Freyja had been overpaid £327.60 and that amount was recoverable as Freyja had not informed the Department of those earnings. However, after a review exercise concluded on 17.7.26 it was determined that, if the earnings had been averaged over the nine-week period, Freyja's earnings would have been under the earnings limit. The overpayment is cancelled and Freyja is refunded £327.60, representing a restoration of her Carer's Allowance entitlement. The £327.60 is disregarded indefinitely from Freyja's total capital when determining her Universal Credit entitlement.

Example 2

Anton receives arrears of Carer’s Allowance of £4,853.45 following a successful appeal to the first-tier Tribunal after his claim made on 13.4.25 was refused. As these arrears are not associated with the assessment exercise following the Sayce Review they are included in full in Anton’s capital from the date of receipt.

H2068 – H2075

Payment included with other capital

H2076 If a payment referred to in paragraphs H2061 et seq above is included with other capital the disregard does not apply to the other capital.

H2077 If money is withdrawn from an account which includes both the disregarded payment and other capital accept the money withdrawn is from the other capital and not the payment. If there is evidence to show the money withdrawn is from the payment and not the other capital accept that evidence.

H2078 – H2080

Funeral plan contract

H2081 The value of a funeral plan contract is disregarded indefinitely. “Funeral plan contract” means a contract where a person makes payments to secure the provision of a funeral in the United Kingdom for the person on their death and where the sole purpose of the plan is to provide for a funeral[1].

1 UC Regs (NI) 16, Sch 10, para 11

H2082 – H2150

Capital disregarded for up to 12 months

Authority payments

H2151 Any payment made by or on behalf of an authority within the last 12 months, for

1. children, young persons and others under certain legislation[1] **or**

2. welfare needs related to disability or old age (other than living expenses[2])

3. Widowed Parent's Allowance or Bereavement Support Payment made under the Bereavement Benefits Remedial Order[3]

shall be disregarded when calculating the claimant's capital[4].

1 Children (NI) Order 1995, art 18, 34C, 34D or 35A; 2 UC Regs (NI) 16, reg 66(2)
3 Bereavement Benefits (Remedial) Order 2023; 4 UC Regs (NI) 16, Sch 10, para 17

Arrears of benefits

H2152 Any payment received within the previous 12 months by way of arrears of or compensation for late payment of certain benefits are disregarded[1]. Those benefits are

1. Universal Credit

2. an abolished benefit[2], namely

2.1 income-based Jobseeker's Allowance

2.2 income-related Employment and Support Allowance

2.3 Income Support

2.4 Housing Benefit

2.5 Child Tax Credit

2.6 Working Tax Credit

3. a social security benefit (including Armed Forces Independence Payment) which is not included as unearned income[3].

Note: In **3.** social security benefit means any benefit created under an enactment relating to social security in any part of the United Kingdom.

1 UC Regs (NI) 16, Sch 10, para 18; 2 WR (NI) Order 15, art 39;
3 UC Regs (NI) 16, reg 66(1)(a) & (b)

Example

John received arrears of Disability Living Allowance amounting to £2,400 on 1.10.17. He claims Universal Credit on 24.2.18. The £2,400 arrears of Disability Living Allowance are disregarded when calculating his capital up to 30.9.18.

Arrears and concessionary payments of £5,000 or more

H2153 Where

1. a person has received a payment of arrears of, or compensation for non-payment of arrears of benefit or Armed Forces Independence Payment[1] of £5,000 or more **and**

2. the payment

2.1 is received during the current Universal Credit award and the payment would be disregarded from the calculation of capital of the claimant if the claimant were entitled to an existing benefit[2] (see ADM M6003) or State Pension Credit **or**

2.2 was received during an award of an existing benefit or State Pension Credit (the earlier award) and the claimant became entitled to the current Universal Credit award within one month of the date of termination of the earlier award and the payment was disregarded from the calculation of the claimant's capital for the purposes of the earlier award **and**

3. the period of entitlement to benefit or Armed Forces Independence Payment to which the payment of arrears or compensation relates, begins before the first day on which the abolition of existing benefits comes into force

the payment is disregarded for a period of 12 months from the date of receipt of the payment or until the termination of the current award, whichever is the later[3].

1 UC (TP) Regs (NI) 16, reg 8A(1); 2 reg 2(1); 3 reg 8A

Example 1

Glyn is entitled to Universal Credit. His award began on 17.5.18 when he moved to a different local authority area and was unable to claim Housing Benefit. On 23.10.18 he receives a payment of £6,802.03 arrears of income-related Employment and Support Allowance after the decision converting an award of Incapacity Benefit to Employment and Support Allowance is revised for official error, Glyn's award of Universal Credit ends on 3.2.20 when he claims State Pension Credit. The payment is disregarded as capital for the whole of Glyn's award of Universal Credit.

Example 2

Chantelle is entitled to Income Support as a lone parent, as well as Personal Independence Payment standard daily living component. In April 2019 she receives a payment of £7,099.65 arrears of Personal Independence Payment after her Personal Independence Payment award is superseded for error of law to include the mobility component from 28.11.16. The payment is disregarded as capital for the purposes of Income Support. On 10.7.19 Chantelle's award of Income Support ends when her youngest child reaches the age of 5. Chantelle claims and is awarded Universal Credit from 11.7.19. The remaining amount of arrears of Personal Independence Payment continues to be disregarded as capital for the purposes of Universal Credit.

Maternity Allowance payments

H2154 Where

1. the conditions in H2153 **2.** and **3.** are satisfied **and**

2. the claimant has received a payment of arrears or a payment to compensate due to the non-payment of arrears of Maternity Allowance of under £5,000

that payment is disregarded from the calculation of the claimant's capital for a period of 12 months from the date of receipt of that payment[1].

1 UC (TP) Regs (NI) 16, reg 8B

Compensatory payments of Employment and Support Allowance

H2155 Where[1]

1. a claimant has received a payment as compensation for official error preventing or delaying an assessment of the claimant's entitlement to new-style Employment and Support Allowance **and**

2. the amount of the payment is less than £5,000 **and**

3. the payment is received before the first day on which the abolition of existing benefits comes into operation

that payment is disregarded[2] from the calculation of the claimant's capital for a period of 12 months from the date of receipt.

Note: Arrears of new-style Employment and Support Allowance not caused by initial errors in how such claims were processed are not disregarded.

1 UC (TP) Regs (NI) 16, reg 8C(1); 2 reg 8C(2)

H2156 Where[1]

1. the conditions in H2155 **1.** and **3.** are satisfied **and**

2. the amount of the payment is £5,000 or more **and**

3. the conditions in H2153 **2.** are satisfied

the payment is disregarded for a period of 12 months from the date of receipt of the payment or until the termination of the current award, whichever is the later.

1 UC (TP) Regs (NI) 16, reg 8C(3)

H2157 – H2169

Personal injury payment

H2170 Where a person has been awarded a payment in consequence of a personal injury to that person but it

1. is not held in trust **or**

2. has not been used to purchase an annuity **or**

3. has not been otherwise disposed of

it can be disregarded if it has been paid to the person within the previous 12 months[1].

Note: See ADM H2028 et seq for further guidance on when this disregard applies and the circumstances in which it can be extended.

1 UC Regs (NI) 16, reg 75(6)

The social fund

H2171 A payment made from the social fund within the last 12 months will be disregarded[1].

1 UC Regs (NI) 16, Sch 10, para 16; SS C&B (NI) Act 92, Part 8

H2172 – H2189

Bereavement Support Payment

H2190 Where a claimant in receipt of Universal Credit

1. makes a claim for Bereavement Support Payment 12 months or less after their spouse or civil partner died **and**

2. receives an additional payment of Bereavement Support Payment for the first month of their Bereavement Support Payment period at either the higher (£3,500) or standard (£2,500) rate[1]

the first additional monthly payment is disregarded when calculating that person's capital, where it is made within the previous 12 months[2].

Note: Where a claimant receives arrears of the regular monthly payment, these are not subject to the capital disregard.

1 BSP Regs (NI), reg 3(2) & (5); 2 UC Regs (NI) 16, Sch 10, para 20

H2191 – H2210

Capital disregarded for up to 6 months

H2211 In the disregards described below that specify a period of 6 months, that period may be extended where it is reasonable in the circumstances of the case[1].

1 UC Regs (NI) 16, reg 48(2)

Premises intended to be occupied

H2212 Premises that a person intends to occupy as their home shall be disregarded in calculating that person's capital where the person

1. has acquired the premises within the last 6 months but has not yet taken up occupation **or**

2. is taking steps to obtain possession and they began those steps within the past 6 months **or**

3. is carrying out essential repairs or alterations in order to make the premises fit for occupation and these have been commenced within the last 6 months[1].

1 UC Regs (NI) 16, Sch 10, para 4(1)

H2213 A person is taken to have commenced steps to obtain possession of premises as in H2212 **2.** above, on the date that legal advice is first sought or proceedings are commenced, whichever is the earlier[1].

1 UC Regs (NI) 16, Sch 10, para 4(2)

Is it reasonable to disregard for longer

H2214 The decision maker may decide

1. to disregard the premises for a longer period if for example

1.1 legal proceeding are still being taken **or**

1.2 people have got possession and there is a good reason why they have not started to live in the premises

1.3 repairs will take longer than 6 months

2. not to disregard the premises for a longer period if people have for example

2.1 asked for legal advice and not followed it **or**

2.2 got possession and there is no good reason why they have not moved into the premises.

H2215 – H2219

Premises ceased to be occupied

H2220 Where a person has ceased to occupy premises as their home following estrangement from their former partner, those premises can be disregarded from the calculation of that person's capital where

1. the person has ceased to occupy those premises within the past 6 months **or**

2. the person's former partner is a lone parent and occupies the premises as their home[1].

Note: The disregard in **2.** applies for as long as the conditions are satisfied and is not restricted to 6 months.

1 UC Regs (NI) 16, Sch 10, para 5

Premises person is trying to sell

H2221 Where a person is trying to dispose of premises, they can be disregarded from the calculation of that person's capital where they are taking reasonable steps to dispose of the premises and those steps have been commenced within the last 6 months[1].

1 UC Regs (NI) 16, Sch 10, para 6

Is it reasonable to disregard for longer

H2222 The decision maker may decide to disregard the premises for a longer period where for example the person has done all they can to sell the premises and the asking price is no more than the premises are worth.

H2223 – H2230

Business assets

H2231 Where a person has ceased to be engaged in that business within the last 6 months

1. and is taking reasonable steps to dispose of those assets **or**

2. because of incapacity but has a reasonable expectation of being reengaged in that business on their recovery

those business assets can be disregarded from the calculation of that person's capital[1].

1 UC Regs (NI) 16, Sch 10, para 8

Is it reasonable to disregard for longer

H2232 The decision maker may decide, for example, that it is

1. reasonable to disregard the assets for a longer period if the person is still ill or disabled and can do the work when fit and able **or**

2. not reasonable if there is evidence, such as medical evidence, which says the person will not be able to do the work when fit and able.

H2233 – H2234

Amount to be used to purchase premises

H2235 Where a person has received an amount within the past 6 months which is to be used to purchase premises that the person intend to occupy as their home, that amount can be disregarded from the calculation of that person’s capital where it

1. is attributable to the proceeds of the sale of premises formerly occupied as their home **or**

2. has been deposited with a housing association (see H2045) **or**

3. is a grant made to the person for the sole purpose of purchasing a home[1].

1 UC Regs (NI) 16, Sch 10, para 13

Is it reasonable to disregard for longer

H2236 The decision maker may decide it is reasonable to disregard the amount for a longer period if, for example

1. people have tried but not found premises which are suitable for their or a member of their family's needs (in particular, if one of them is disabled and needs a certain type of accommodation)

2. the person has found premises and the

2.1 sale has not been completed **or**

2.2 seller later decides not to sell.

H2237 – H2239

Amount from insurance policy

H2240 An amount received from an insurance policy within the past 6 months can be disregarded where it is in connection with the loss or damage to the

1. premises occupied by the person as their home **or**

2. personal possessions of that person[1].

1 UC Regs (NI) 16, Sch 10, para 14

Is it reasonable to disregard for a longer period

H2241 The decision maker may decide it is reasonable to disregard the money for a longer period if for example

1. the repairs will take more than 6 months

2. the replacement of personal possessions will take more than 6 months.

H2242 – H2249

Amount for repairs

H2250 Where, in the past 6 months, a person has acquired a sum of money by way of a loan, grant or otherwise which is to be used for making essential repairs or alterations to premises occupied or intended to be occupied as the person’s home, that amount can be disregarded from the calculation of that person’s capital but only where it is used for that purpose[1].

1 UC Regs (NI) 16, Sch 10, para 15

Is it reasonable to disregard for longer

H2251 The decision maker may decide it is reasonable to disregard the grant, loan or otherwise for a longer period if the repairs and alterations will take more than 6 months.

H21252– H2999

The content of the examples in this document (including use of imagery) is for illustrative purposes only