

# **A Creditor's Guide to Northern Ireland Third Party Deductions Scheme for Social Security Benefits**

**A CREDITOR'S GUIDE TO NORTHERN IRELAND  
THIRD PARTY DEDUCTIONS SCHEME FOR SOCIAL SECURITY BENEFITS**

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# **A CREDITOR'S GUIDE TO NORTHERN IRELAND THIRD PARTY DEDUCTIONS SCHEME FOR SOCIAL SECURITY BENEFITS**

## **About this Guide**

This guide details how the Northern Ireland Third Party Deductions (TPD) Scheme works and aims to ensure that payments are made on time and for the correct amount by helping Creditors to understand the Scheme's procedures. This guide should be circulated to all parties operating the TPD Scheme within your organisation.

This guide is in relation to the Third Party Deduction Scheme where the individual is in receipt of certain Social Security benefits as laid out later in this document. If the individual is in receipt of Universal Credit, we would refer you to the link below which will provide you with the Creditor Body information in relation to this benefit.

<https://www.communities-ni.gov.uk/publications/guidance-third-party-payments>

## **The Third Party Deductions Scheme**

The Scheme is administered by Debt Management within the Department for Communities (DfC) under Schedule 8A of the Social Security (Claims and Payments) Regulations (NI) 1987 and the Justice Act (Northern Ireland) 2016. The Scheme is designed to provide protection for vulnerable individuals in receipt of Social Security benefits who have built up arrears of rent, rates, electricity or gas with their service providers or have an unpaid court fine.

Creditors ("you") can apply to Debt Management ("us", "we", "our") to participate in the TPD Scheme. To apply to participate in the Scheme you must provide your name, schedule address, telephone number and bank details on company headed paper with a signature to the address provided. Following approval of your Creditor Body Status, this permits you to request recovery of arrears to be taken directly from the individual's Social Security benefit. We expect you to have exhausted all other means of securing repayment from the individual.

The TPD Scheme restricts the total amount that can be deducted from an individual's benefit in respect of arrears. It is also possible, in certain circumstances, for a further deduction from benefit to be taken to cover ongoing current consumption or liability, for example, a customer's usual expenses which do not include arrears.

The TPD Scheme is designed to remove the risk of severe hardship likely to be caused to an individual or household as a result of eviction, disconnection of a fuel supply or the inability to pay a court appointed fine. In circumstances where there is limited opportunity to make deductions, housing costs will take priority over utility costs and recovery of court appointed fines.

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To have third party deductions taken, the claimant must be in receipt of one of the following benefits:

Income based benefits:

- Income Support (IS)
- Income-based Jobseeker's Allowance (JSA (IB)
- Income-related Employment and Support Allowance (ESA (IR)
- State Pension Credit (SPC)

Contributory benefits:

- Retirement Pension (RP)
- Severe Disablement Allowance (SDA)
- Widowed Mothers Allowance (WMA)
- Widows Pension (WP)

In some cases, third party deductions can be made from other benefits the claimant receives that are based on National Insurance contributions (Jobseeker's Allowance and Employment and Support Allowance) but only to meet the claimant's financial obligation or where they would qualify for an income-based benefit if they weren't receiving a contributions-based benefit.

### **Types of Costs Covered by the Scheme**

The types of costs covered by the Scheme are prioritised in order of risk to the claimant or their family if the costs are not met in any other way.

The Scheme covers:

- housing costs (for claimant's current address);
- miscellaneous accommodation costs;
- hostel payments;
- service charges for fuel and rent;
- fuel costs (for claimant's current provider);
- Rates; and
- Court appointed fines.

The total debt can include gas or electricity reconnection charges, or legal costs because of the debt.

If a claimant has a third party deduction to clear a debt, and must still pay ongoing costs, in certain circumstances we can deduct a further amount to cover this weekly expenditure and stop more debt building up.

These ongoing costs can include:

- fuel costs;
- hostel charges;
- unrebated rates; and
- unrebated rent.

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In some cases we will ask for the claimant's consent before making deductions where the total amount of all third party deductions (including any amounts to cover current costs) exceeds 25% of the benefit entitlement amount.

### **Requesting Deductions**

Once you have exhausted all reasonable attempts to recover a debt and want to apply for recovery under the Scheme, you should submit a third party deduction request.

- For Northern Ireland Housing Executive (NIHE), Land and Property Services (LPS) and Department of Justice Northern Ireland Courts and Tribunal Service (NICTS), please submit using the electronic referral;
- For all other Creditor Bodies please submit your request using the TP1 form found at the end of the Guide.

To decide whether or not third party deductions are appropriate, we will consider:

- If you have made all reasonable attempts to arrange repayment of the arrears before applying to the TPD Scheme
- Is the claimant receiving a specified benefit?
- Is there a threat of court action, eviction or disconnection?
- Are there outstanding arrears?
- Is the claimant or their partner liable for the debt? A claimant or their partner will normally be liable for the debt if named on the bill, whilst they remain a couple. There may be occasions where we can't make third party deductions, for instance deductions may not be made if the debt is the responsibility of a partner who has left the claimant (unless the partner is eligible for third party deductions in their own right).
- Is it in the interests of the family to make deductions?
- Will the claimant be left with a sufficient amount of benefit (10 pence) in order to qualify for passported benefits?
- Does the debt take priority over other debts?
- Are three Third Party Deductions already being made? If so, we will check the priority list. If the new debt has a higher priority than the three already being deducted, the deduction with the least priority will stop.

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Once we have made our decision, you will receive a letter informing you if deductions cannot be taken or if they can be taken and when they will start.

Under the Scheme, we deduct a set amount from the claimant's benefit and pay it directly to you until such times as the debt is cleared, or benefit entitlement ceases.

The amount we can deduct is regulated. There is a weekly deduction rate per item which may change on a yearly basis. If there is more than one deduction to be taken, the maximum that can be deducted is three times the weekly deduction rate.

### **Payments**

Once we approve an application to the Scheme, we will make deductions from the claimant's benefit on your behalf at a regulated weekly rate.

We will notify you when deductions start and will provide details of the deductions scheduled to be taken. When you receive this notification, please check to ensure that all details are correct. Please notify us immediately if there are any discrepancies or details that need to be updated.

After deductions have been set up, you will normally receive a payover payment every four weeks in arrears (for income based benefits) and you can usually expect to receive the first payment for a claimant on your schedule within six weeks from the date deductions have commenced. Payovers for contributory based benefits will follow a different schedule but will be issued to you on a regular basis.

Most payments will be made via BACS into the bank account nominated by you. A small number of claimants are paid their benefit quarterly (13 weekly); if this is the case, Third Party Payments will be paid over quarterly.

**For income-based benefits**, payments will clear in your account three working days after they have been issued. Payment schedules are produced and issued to your nominated Creditor Body office address the day after the payment is issued.

For contributory benefits, payments may take five working days to clear after issue and the schedule may be received prior to payments being received.

In both cases, the payment schedule provides the total BACS transfer that will be made and contains a full breakdown of each claimant account the payment relates to.

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Information found on the Payment Schedule includes:

<b>Owning Office Ref:</b>	The Benefit Paying Office Identification Number
<b>Our Ref:</b>	National Insurance Number. Please note: the suffix letter is omitted on the schedule
<b>Customer Ref:</b>	This is the number allocated by the Creditor and can be a maximum of 18 characters in free format. <b>Please note our system will only accept alpha and numeric characters – it will not accept any symbols</b>
<b>Period:</b>	The actual period of payment /date deducted from benefit
<b>Amount (£):</b>	The total payment due; i.e. number of weeks x the weekly payment amount (£)

**For contributory benefits**, the schedule has an additional column detailing any adjustments made.

At the end of the Schedule the following paragraph may appear if adjustments have been made to the payment due:

*'The following amounts have been incorrectly credited to your organisation. As a result they are being deducted from our latest payment to you.'*

Specific details, similar to those provided for the original payment, are given for each transaction being recovered. This will therefore show the amount of the payment due as well as the amount of the recovery being made on a particular Schedule. The net total will equate to the payment amount credited to your bank account. Your Creditor Reference Number will be quoted on the last page of your Schedule.

If you receive your payment schedules by post, please allow five working days from receipt of payment into your bank account before reporting non-receipt of the payment schedule to Debt Management, as we are unable to obtain a re-print of the Schedule until after this period of time. If your Schedule has not arrived after this period we will arrange for a duplicate copy to be issued by post.

In line with security procedures, we are not able to fax or email duplicate payments schedules and can only send duplicate schedules to the address we currently hold on our computer system for your organisation.

**Payment Adjustments**

An adjustment becomes necessary when we are not notified of a change in deductions until after the relevant payment has been made to you.

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Occasionally a cancellation will be made to the claimant's benefit payment and this will result in a cancellation to the deduction for the same period.

If either an overpayment is made or monies are paid to you in error (not one of your customers/clients), you are required to inform us. We will then recover this money automatically by adjusting the payment schedules.

It is a **condition of the Scheme** that we recover any monies overpaid or paid in error by adjustment. This is to ensure that the claimant's account is credited with any monies we have deducted.

For NIHE, if we have recovered and paid over excess deductions, **we** will make adjustments to the schedules and refund the excess deductions to the client unless we advise otherwise. For all other creditors, we anticipate that **you** will refund the excess deductions to your client unless we advise otherwise.

### **Debit Balance Schedule**

In very rare circumstances an overpayment of deductions, made in respect of a particular claimant, may exceed the amount due on the next payment schedule. In this instance we may ask you to refund the amount of the overpaid deductions from benefit to us.

### **Changing a Claimant Reference Number**

The payment schedule you receive will show the claimant's reference number. This is the account number you have allocated to the claimant. If it is incorrect or needs to be amended please notify us as soon as possible. We will then update our computer system with the correct information so that it is right for future payment schedules.

### **Merger of Creditors or Change of Bank Details**

If any accounts merge, or if your organisation merges with another creditor, you should contact us to ensure that deductions are stopped under the old Accounts Payable Creditor Reference Number and are recreated under the merged Accounts Payable creditor details. If this does not happen it may result in monies being paid to an incorrect bank account or creditor.

### **Change of Company Name or Bank Details**

If the name/address of your company changes or if there is a change to your bank details please inform us immediately. To allow us to amend your changes promptly, please ensure:

- All requests are completed on your company's headed letter paper and include a contact name and contact telephone number as we may need to get in touch with you.



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- You include your Accounts Payable Creditor reference number - this is unique to each creditor. This number appears at the end of the payment schedule and is a 10 digit reference number beginning with five zeros for payments from Income Based benefit or with the number 3 and four zeros for any payments from contributory benefits.

If there is a change to your organisation name, quote your current name along with your new organisation name.

If there is a change to your schedule address, quote your current address details along with your new your schedule address details.

If there is a change to your bank details, quote your current details along with your new bank details.

**Please note that we are unable to make any changes if all of the required details are not included.**

### **Ending Deductions**

Once a debt is paid off, a third party deduction will usually end. In some cases, where the claimant obviously can't manage their money, a deduction may continue to cover ongoing costs. This only happens if you have exhausted all possible means of obtaining ongoing payment from your client and there is no alternative available. It is your responsibility to notify us if the debt has been fully recovered or if there is any change that affects the amount of debt that we were originally asked to recover.

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**Responsibilities**

The following table provides a breakdown of responsibilities under the Scheme.

	You	Us
<b>STARTING DEDUCTIONS</b>		
Take all reasonable steps internally to recover the outstanding debt	✓	
Apply to Debt Management, in the specified format, to set up deductions from benefit	✓	
Respond promptly to queries from Debt Management	✓	
Decide on each application to the Scheme		✓
<b>MANAGING DEDUCTIONS</b>		
Set up and manage deductions from benefit		✓
Obtain claimant consent to implement the full deduction(s), if necessary, where deductions exceed 25% of the claimant's applicable amount		✓
For Income Based Benefits, on a 4-weekly basis, pay over deductions and provide associated payment schedule. <sup>1</sup>		✓
For Contributory Benefits, pay over deductions at agreed frequency		✓
Allocate payments promptly to the correct claimant accounts	✓	
Calculate and pay any underpayment/missing payments of deductions to the creditor.		✓
Promptly identify and raise with Debt Management any issues arising from incorrect, unidentified or unallocated payments. <sup>2</sup>	✓	
Promptly identify excess deductions and refund these to the claimant		✓
Promptly inform Debt Management of relevant changes, e.g. change to a claimant reference number, amended creditor bank details, creditor mergers, etc.	✓	
Update Debt Management records to reflect changes notified by creditors	✓	
Update Debt Management records to reflect changes notified by creditors		✓
Respond to queries from Creditors in a timely manner		✓
<b>AMENDING/ENDING DEDUCTIONS</b>		
Notify Debt Management immediately if deductions are overpaid on a claimant account.	✓	
Terminate deductions from benefit.		✓

<sup>1</sup> A small number of claimants are paid benefit quarterly. Where this is the case, Third Party Payments will also be made quarterly.

<sup>2</sup> Debt Management are unable to deal with queries relating to previous financial years.

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### **Data Protection**

Please be aware that due to General Data Protection Regulations and in accordance with our security procedures, we are unable to provide you with the bank account details we hold for your organisation.

It is your responsibility to ensure that you hold a full record of all the bank account details that you have provided us with. This procedure is to protect and safeguard against any bank account details being given out to an inappropriate person or organisation.

**The payment schedule that we issue is for your company use only and due to the claimant information contained in it must not be shown to the benefit recipient or any other outside party.**

### **Customer Service**

Our aim is to provide a service that is focused on your customers' needs and our staff aim to provide accurate information and advice at all times. If you write to or email us with an enquiry, we aim to:

- confirm we have received your message within two working days and
- send you a reply within ten working days.

If we cannot answer your query within ten working days, we will write to tell you why, and when you should expect an answer.

If you contact us by telephone and we cannot deal with your query immediately, we will call you back. If we cannot help you the same day, we will explain why and tell you when you can expect our answer.

Please have your Accounts Payable Creditor reference number ready when contacting us. (This also acts as a security check and it can be found on your payment schedules). **We will not be able to deal with your query without this information.**

We are always happy to receive any suggestions or comments that will help us improve the service we provide.

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## **Contact Details**

All applications to begin, amend or to stop third party deductions should be sent to the Third Party Payments Team by email to:

[debtmanagement.tpd@dfcni.gov.uk](mailto:debtmanagement.tpd@dfcni.gov.uk)

Alternatively, you may wish to mail applications to the following address:

Debt Management  
PO Box 2136  
Belfast  
BT1 9RW

Our phone number is **0800 587 2982**.

If you use a **Text phone** you can call us on **0800 587 2986**.

Our opening hours are 9:00 am to 5:00 pm Monday to Friday.

