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Advice NI Briefing Paper

Payment Exception Services & Post Office Card Accounts

August 2021

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Introduction

Post Office Card Accounts (POCa) were introduced in April 2003¹; but almost immediately Government, DWP and Treasury began signalling an intention not to renew the POca contract which at the time was estimated to cost over £100million per year. Letters encouraging people to move to some other form of banking account have been regularly sent to claimants over the years.

Fast forward to 2021 and POca's are still with us and used by over 30,000 social security benefit claimants in NI. Therefore everyone could be forgiven for thinking that we have been down this road before and that nothing has changed.

Advice NI would therefore like to ensure that some key messages are clearly understood:

Firstly, things are changing: the POca contract is ending – with a stated conversion deadline of May 2022 – so it is no longer an option for claimants who receive their social security benefits into a POca to simply do nothing.

Secondly, things are not changing overnight so there is no need for claimants who use a POca to panic. If they already have some other form of banking account, then they should consider if this will be suitable as a replacement to their POca. If they do not have any other form of banking account, then they need to consider what type of banking account suits them best. Issues to consider may include: accessibility at the Post Office and whether there is a risk of overdraft, fees and charges.

Thirdly, timing is important when someone is ready to change from a POca to some other form of banking account. For example, it would be reasonable to think about when the benefit payment is due and make the change in good time to allow the change to happen and minimise any risk of disruption to payment.

Fourthly, more needs to be done to join up the process, and bring the banking providers on board. For example, if someone is in receipt of benefits then there should be a way of making the change from POca a smooth process.

Whilst independent advice network advisers are not permitted to open an account for a client, they can advise, assist and support someone in their journey to changing from a POca to some other form of banking account. We have also included a range of helpful resources in this Briefing Paper to make the process as smooth and clear as possible.

¹ <https://researchbriefings.files.parliament.uk/documents/SN03913/SN03913.pdf>

Background

Payment exception services [PES] were introduced in 2013, for those who had difficulty opening or managing an account with a bank, building society or credit union account.

There are currently two payment exception methods:

Post Office card account (POCa) - There are over 30,000 DfC claimants.

HMG Payment Exception Service (HMG PES) - 'voucher based' service.

Both contracts are ending: POCA, stated conversion deadline of May 2022 and HMG PES in September 21. DWP is committed to improving the methodology for paying claimants; the Future Method of Payment project was created in 2016 to find a new cost-effective replacement².

What is POCA?

A Post Office card account (POCa) is a special bank account you could only get from the Post Office for automated government payments such as benefits.

What's changing?

DWP³ and HMRC⁴ will stop making payments, including Universal Credit, other benefits, tax credits or state pension, into Post Office card accounts. You will still get your payment but will have to use a different bank account to draw out money.

Benefits/state pension payments will not stop, and your payment dates will not change. The only change is that you will no longer be able to use a Post Office card account to draw out your money⁵. You will eventually need to close your POCA account.

How is DfC contacting claimants?

DWP (on behalf of DfC) have been writing to POCa claimants since 2015, to encourage them to convert to mainstream banking. The final Notice of Migration letter issued from 1st July 2021 will inform claimants that unless they convert to mainstream banking in the following four weeks they will be moved to nPES. The letter also asks the claimant to contact CCC⁶ if they need further support. The migration will end May 2022.

How to update/change banking details

² Source: DfC

³ Department for Work & Pensions

⁴ HM Revenue & Customs

⁵ <https://www.moneyadvice.service.org.uk/en/articles/what-to-do-now-your-post-office-card-account-is-closing>

⁶ Claimant Conversion Centre

If your benefits are currently paid to a Post Office card account, you must arrange for your payments to be transferred to your bank, building society/credit union account as the Post Office card account service is closing.

If you are claiming Universal Credit you can update your bank details using your Universal Credit online account <https://www.gov.uk/sign-in-universal-credit>, or phone the Universal Credit Service Centre: 0800 012 1331⁷.

If you are claiming other benefits, to arrange for your benefit payments to be made to another account you should contact the Department for Work and Pensions to arrange for the payments to be transferred:

Telephone: 0800 085 7133

Monday to Friday, 8:30am to 4pm

Choosing a payment method

To help you choose a payment method, support services are available for example via:

- Contact Advice NI on 0800 9154604
- Contact your local independent advice provider (<https://www.adviceni.net/local-advice>)
- Contact the Money Advice Service on 0800 138 7777⁸

New Payment Exception Service

This new service is only intended:

- For claimants who are unable to operate a bank/building society, credit union account.
- As a short term method of payment which must be replaced as soon as the claimant has been able to open a bank/building society, credit union account.

Claimants migrating to the new service will receive a welcome letter from the supplier with details of how they will receive payments going forward, this may be by a nPES card or voucher. Vouchers will be issued up to a specific value (£100) and the full value of the voucher must be withdrawn.

Existing POca claimants who cannot open or manage a bank, building society or credit union account will be moved to the new PES and paid by card or voucher⁹.

Vulnerable Claimants

⁷ <https://www.nidirect.gov.uk/contacts/universal-credit-service-centre>

⁸ <https://www.nidirect.gov.uk/articles/how-benefits-and-pensions-are-paid>

⁹ Source: DfC

DfC identified vulnerable claimants who should be targeted for pre-migration support:

- claimants who have a low balance in the POca account indicating that the claimant is dependent on their payments (e.g. less than £500); and
- claimants who have not responded to the final migration letters. **PLUS:**
- Elderly claimants who are aged 95 years and over; or
- Claimants who have frequent contact with Post Office that indicates a risk of harm e.g. regular loss of PIN and /or payment card, frequent calls to Contact Centre; or
- Claimants identified as potentially vulnerable by DWP's POca Conversion Claimant Contact Centre during inbound and outbound telephone conversations

Key harm risk factors for POca claimants are:

- New payment card or mechanism. Claimants will be issued with a new card to cash their voucher.
- That contact details are not correct; so claimants are not receiving communications.

Support for claimants identified as at risk of harm

DWP will undertake additional contact details check; and

- Make an outbound call to the claimant to make contact and confirm if the claimant understands migration and identify if they may require additional support and signpost to that support; and
- Where unable to make telephone contact, a referral will be made to the Make the Call for an Outreach officer to make contact with the claimant and/or arrange a visit.

Migration of vulnerable claimants

- For the first 8 weeks of Migration all non-responders will be referred to the CCC to make outbound calls to establish the reason for not responding and seek views on how the claimant wants to resolve the MoP issue.
- Claimants who cannot be contacted by phone will be referred by CCC for a visit. Once the vulnerability process has completed those claimants will be converted or cleared for migration.
- Cleared for Migration: Claimants who refuse to convert and those who completed the vulnerability process and may be migrated will be sent securely to the new supplier containing only the agreed information¹⁰.

Future Method of Payment

Further information can be found on nidirect or by contacting the FMoP team in Commercial Services: Commercialservices.centuralsupport@communities-ni.gov.uk

¹⁰ Source: DfC

Helpful Resources

Information about the **changes to the method of payment for benefits** is available from the main government sources online:

[How benefits and pensions are paid](#) (nidirect)

[Changes to future benefit and pension payments](#) (Department for Communities)

[What to do now your Post Office card account is closing](#) (Money Helper)

Anyone needing to avail of the new [Payment Exception Service](#) can review a number of [Frequently Asked Questions \(FAQs\)](#) and raise a specific query about payments using an [online form](#). Users are issued a voucher via payment card, text or email which they can cash at any PayPoint outlet (a postcode search can be conducted at the [PayPoint website](#)).

The best solution for most people will be to **open a current account at a high street bank, building society or credit union**. There are some important things to be aware of when opening a current account, so it is worth those affected familiarising themselves with the following information sources beforehand:

[Getting a current account](#) (nidirect)

[Choosing a bank account for your benefit payments](#) (Money Helper)

[How to choose the right bank account](#) (Money Helper)

[How to open, switch or close your bank account](#) (Money Helper)

[Opening a bank account](#) (Financial Conduct Authority)

[Getting a bank account](#) (Citizens Advice)

[Everyday Banking](#) (Post Office)

Not everyone will be able to access a standard current account, perhaps due to a poor credit history or due to problems providing requested documentation. In those cases, the applicant should be offered a **basic bank account** as an alternative. Any financial provider can offer a basic bank account, but certain high street banks are required [by law](#) to provide a fee-free service (a full list of the fee-free providers can be found at the following link):

[Fee-free basic bank accounts](#) (Money Helper)

Applicants should be aware that they will only be able to access a basic bank account if they are refused standard services and that the legislation does provide [limited grounds](#) for banks to refuse to offer even a basic service (relating to illegal activity such as fraud, harassment or public order offences). However, refusals can be disputed and anyone affected should contact [Advice NI](#) or their [local independent advice agency](#) for help.



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