

I have been made redundant. Should I claim Universal Credit?

If you had been working full time before being made redundant you may have been receiving Working and/or Child Tax Credits and/or Housing Benefit. These benefits will end if you make a claim for Universal Credit and you will not be able to reclaim them. This can be a particular issue if you now have more than £16000 in capital. If you are receiving a means tested benefit you are recommended to seek advice before making a UC claim.

If you are not receiving legacy benefits and have capital below £16,000 you may want to claim Universal Credit. One of the online calculators at the end of this article will give you an indication of how much Universal Credit you may be entitled to.

Payments from the end of your work that are received after you have made a claim for Universal Credit may affect your award. The amount of Universal Credit you are paid is calculated each month based on the income you receive in that month. Pay in lieu of notice and unused holiday pay are taken into account alongside wages, tips, bonuses and overtime for your final period of work in the month in which they are paid. If you receive large payments in your final income payments from your employer, any residue left in your bank account after the assessment period in which they are paid will become capital. Redundancy pay whether it is statutory or contractual is not counted as income but is treated as capital. Capital over £16,000 means you are not entitled to Universal Credit. Capital between £6,000 and £16,000 may reduce your award of Universal Credit. In some circumstances you may be better off if you claim Universal Credit after you have received your final payments. An online calculator or advice agency such as Citizens Advice may help you understand what it is best for you to do in your particular circumstances.

If your employer is insolvent you can find information here:
<https://www.gov.uk/your-rights-if-your-employer-is-insolvent>

<https://www.citizensadvice.org.uk/> For online advice and details of local phone and webchat services

<https://www.understandinguniversalcredit.gov.uk/coronavirus/> Government information pages

<https://www.entitledto.co.uk/> Online benefit calculator

<https://benefits-calculator.turn2us.org.uk/AboutYou> Online benefit calculator