

Community
Legal Service



Coventry Law Centre

BUDGETING LOANS

How to Apply

To obtain a form telephone:
0845 6088649

What is a budgeting loan?

It is an interest free loan payable to people who have been on income support, pension credit, income based employment and support allowance or income based job seekers allowance after a certain period of time. The loans are for regulated expenses for which a claimant is unable to budget.

When can you get a budgeting loan?

- You must be in receipt of one of the qualifying benefits on the date your application is decided. You or your partner must also have been in receipt of either of these benefits throughout the 26 weeks before the decision. Any breaks of 28 days or less should be disregarded in calculating the 26 weeks.
- You must not have too much capital. The amount of any loan will be reduced by any capital or savings, which you and your partner have over £1000 (or £2,000 if you or your partner are aged 60 or over).
- You must not be involved in a trade dispute.

If these conditions are satisfied the Social Fund Officer then considers whether your application is for one of the allowable items or expenses.

What expenses are considered?

Although you do not have to specify what item you need, it must come within the following categories:

- furniture and household equipment
- clothing and footwear
- rent in advance and/or removal expenses to secure fresh accommodation
- improvement, maintenance and security of the home
- travelling expenses
- expenses associated with seeking or re-entering work
- HP and other debts for expenses associated with the above items

IF YOUR APPLICATION IS FOR SOMETHING WHICH DOES NOT COME INTO ONE OF THESE CATEGORIES YOU WILL **NOT** QUALIFY FOR A BUDGETING LOAN

How is the amount calculated?

The maximum amount you can be offered is determined by two factors:

- Your personal circumstances
- The Coventry DSS budget

Personal circumstances

The amount you could receive is “weighted” according to whether you are single, have a partner or have children. You could receive a higher loan if you have more dependants.

The Local Budget

Guidance at the local office will specify the maximum amount payable in respect of the lowest weighting. This changes every year according to guidance given to the office.

What else affects the decision?

- the lowest award is £100 and the maximum is £1,500
- there are rules about repayment, which may reduce the award
- if you already have a budgeting loan, which is not fully repaid, the amount, which you can borrow, will be reduced

Repayment of the budgeting loan

YOU CAN ONLY BE AWARDED A BUDGETING LOAN IF YOU ARE LIKELY TO BE ABLE TO REPAY IT.

The loan will be scheduled for repayment within 104 weeks.

Loans are usually repayable at the standard rates of 5%, 10% or 15% of your benefit rate excluding housing costs. This will depend on your other financial commitments. It is possible to repay up to a maximum of 20% of your weekly benefit.

Within Social Fund guidance, this can be negotiated. If you cannot agree a repayment schedule and sign for it, no payment will be made.

The Social Fund Officer can reschedule your repayment if you can show financial problems caused by the repayment. There is no right of appeal against this decision.

What if you are refused?

You have a right to request a review within 28 days and a further right to request a Social Fund Inspector review if you are again turned down.

Any decision is only likely to be changed if the Social Fund Officer was unaware of a relevant fact when making the original decision or your circumstances have changed so that you would qualify. This is because of the factually bound criteria of weighting as mentioned above.

You may be more likely to qualify for a loan if you reapply when your circumstances change in terms of length of time on benefit or there is a change in the size of your family.

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