

I'm not a robot

























If you have had an accident, injury or a disease for which someone else is to blame, you may have claimed or be thinking about claiming compensation. If you are getting a social security benefit or have had a lump sum payment for certain dust related diseases it may affect the amount of compensation you receive. This guidance tells you how benefits and lump sums may affect your compensation award and which benefits and lump sums they are. If you have a question which is not answered in this guidance or if you just want more advice, see where to get help and advice. To find out: 2. Compensation recovery 2.1 How it works When someone claims compensation, the person or organisation who is likely to pay you compensation (the compensator) must tell the Compensation Recovery Unit (CRU) - part of the Department for Work and Pensions (DWP). Have you claimed or received compensation? received a social security benefit or lump sum payment because of your accident, injury or disease? If yes to both, the compensator has to pay back to the DWP the amount of social security benefit or lump sum payment you have received as a result of your accident, injury or disease. If you have had an accident, the amount they have to pay equals the total amount of benefit you are paid from the day after the accident or injury up to the date of the final compensation payment or for up to 5 years whichever is earlier. If you have claimed benefit because of a disease, the amount the compensator has to pay is worked out from the day you first claimed a benefit because of the disease up to the date of the final compensation payment or for up to 5 years - whichever is earlier. If you have claimed a lump sum payment because of a dust related disease, the amount they have to pay is the equivalent to the total amount of the lump sum or the gross amount of the compensation award, which ever is the least. The person or organisation who pays your compensation may, in certain circumstances, reduce the amount they pay to account for any monies they are required to pay to the DWP. See which benefits count and which lump sums count. 3. Which benefits count for loss of earnings The person or organisation who pays your compensation can only reduce the compensation you are awarded for loss of past earnings if you have received one of the following benefits to meet the same need: Disability Working Allowance Employment and Support Industrial Injuries Disablility Benefit Income Support Industrial Injuries Disablility Benefit Invalidity Allowance Severe Disablility Benefit Statutory Sick Pay paid before 6 April 1994 Unemployability Supplement Unemployment Benefit Universal Credit 3.2 Which benefits count for cost of care The person or organisation who pays your compensation can only reduce the compensation you are awarded for cost of care in the past if you have received one of the following benefits to meet the same need: Attendance Allowance Disability Living Allowance (care component) Industrial Injuries Disablility Benefit increase for Constant Attendance Allowance or Exceptionally Severe Disablility Allowance Personal Independence Payment (living component) 3.3 Which benefits count for loss of mobility The person or organisation who pays your compensation can only reduce the compensation you are awarded for loss of mobility in the past if you have received one of the following benefits to meet the same need: Disability Living Allowance (mobility component) Mobility Allowance Personal Independence Payment (mobility component) 4. Which lump sums count The person or organisation who pays your compensation can reduce any part of your compensation award (including damages paid for pain and suffering) if you have had a lump sum payment under the: Pneumoconiosis etc. (Workers Compensation) Act 1979 including any extra statutory payments made following the rejection of a claim under the 1979 Act 2008 Diffuse Mesothelioma Scheme 4.1 Retirement Pension Retirement Pension does not have to be paid back from an award of compensation, but if you get any of the benefits or lump sum shown above after retirement age, they may have to be paid back. 4.2 War Pensions If you get a pension from the Veterans Agency (previously the War Pensions Agency), this may go down because of the compensation you receive. 5. If you are awarded compensation The CRU will tell the person or organisation who pays your compensation how much benefit or lump sum if any, they have to pay back to the DWP. The information will be shown on a certificate. You or your representative will also be told about this and will receive a copy of the certificate. If you do not agree with the amount they have to repay to the DWP, you have the right to ask for a review. There is information on the certificate that tells you what to do. 5.1 If you do not agree with the decision to reduce your compensation, you can ask CRU to look at the certificate again. This is known as Mandatory Reconsideration. You can only do this after the person or organisation who pays your compensation payment, repays all benefits and lump sums shown on the certificate to the DWP. You must ask for a Mandatory Reconsideration within 1 month of the date that they make the final payment to the DWP via the CRU. You can get more information from the recovery of benefits and lump sums appeal guide (Z2). 5.2 If you are receiving benefit You must tell the office that pays your benefit as soon as you get your compensation payment if you receive: Employment and Support Allowance Housing Benefit Income Support Jobseeker's Allowance Pension Credit Universal Credit Working Tax Credit If you get a pension from the Service Personnel and Veterans Agency, please make sure you let them know. Call the Veterans free helpline on 0800 169 2277. You must tell the local authority as soon as you receive your compensation payment if you receive a reduction in Council Tax. To get more information about Council Tax reduction contact your local authority. 6. Where to get help and advice 6.1 Compensation Recovery If you have any questions about the Compensation Recovery Scheme you can contact the CRU. 6.2 Social security Benefits To get more information about social security benefits you can contact Jobcentre Plus. Quick Answer: Yes, personal injury compensation can affect your benefits - but it depends on how the money is managed. If the compensation is placed in a personal injury trust, your benefits are protected. Without a trust, savings above £6,000 may reduce your entitlement, and over £16,000 could stop it completely. Trustpilot If you currently receive state-funded benefits, such as Universal Credit or similar, making a claim for personal injury compensation could impact your benefits entitlement and the amount of benefit payments you receive. Below we'll explain the potential impacts, the thresholds you need to be aware of, and strategies to protect your benefits while still pursuing fair compensation. Understanding the potential impact of a compensation settlement on your benefits is important for making informed decisions about your claim and financial future. The relationship between compensation and benefits is complex and depends on various factors, including the type of benefits you receive and the amount of compensation awarded. Compensation settlements can affect means-tested benefits, which include: Universal Credit Income-based Jobseeker's Allowance Income-related Employment and Support Allowance Income Support Housing Benefit Council Tax Support As of 2023, the key thresholds to be aware of are: £6,000: if your savings (including compensation) exceed this amount, it may affect the amount of benefits you receive. £16,000: if your savings exceed this amount, you may lose entitlement to means-tested benefits altogether. Some benefits are not affected by compensation settlements, including: Personal Independence Payment (PIP) Disability Living Allowance (DLA) Attendance Allowance Child Benefit If you receive a compensation settlement exceeding the £6,000 threshold, you must declare it as savings. 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