

Credit Union Information Pack

Paying DWP Benefits and Pensions into Credit Union Accounts

Contents

- 1. Introduction – page 3**
- 2. Paying into credit union accounts – page 4**
- 3. Recalled payments manual and electronic – page 5**
- 4. Missing Payments – page 6**
- 5. Rejected payments – page 9**

1. Introduction

Credit unions are financial co-operatives owned and controlled by their members and regulated by the Financial Services Authority. They operate on the principle that members pool their savings and can then borrow from a central fund at reasonable rates of interest. They are not commercial organisations and any surplus made by lending is put back in the business and paid to members as a dividend.

Credit unions are a useful way of providing suitable accounts for direct payment, particularly for those customers who may have experienced previous banking and debt issues. These accounts are an additional way of extending Financial Inclusion to people who do not have a current or basic bank account.

The DWP can pay a customer's benefit, pension or allowance into a credit union account providing that certain conditions are met.

This pack explains the process by which the Department for Work and Pensions (DWP) can make Direct Payments of benefits and pensions into credit union accounts. It is intended to assist DWP staff, credit union staff and credit union members/DWP customers.

2. Paying into Credit Union Accounts

Step	Action
1	The Customer needs to approach their individual credit union and ask whether they accept payments from DWP in respect of benefits and pensions.
2	<p>If the Credit Union is willing to accept the payments, the customer must ensure that they;</p> <ul style="list-style-type: none"> • are aware of the Credit Union's opening hours, • inform the Credit Union of their intention to give the Credit Union's bank account details to DWP; and • provide the Credit Union with their National Insurance Number. <p>(This is to ensure that the Credit Union can credit the payment to the correct customer).</p>
3	The customer should provide DWP with the Credit Union's bank account details* (ie the name of the Credit Union's account, the number and sort code - see example) on the claim form or form used to obtain account details. In some cases this information may also be provided on-line or by telephone (the address and telephone number will be on their entitlement notification or on any correspondence they have received about their benefit or pension).
4	The DWP payments will be issued into the Credit Union bank account nominated by the customer.
5	The Credit Union must then match the National Insurance Number provided on the BACS record to their members and credit the member's account with the monies.
6	If the Credit Union cannot match the National Insurance Number quoted to a customer account, the money should be returned immediately to DWP.

***Example from a DWP Claim Form:**

Whose name or names is the account in?

Please write the name or names as they appear on the cheque book, passbook or statement.

*Insert the name of the Credit Union**

Full name of bank, building society or other account provider

Insert the name of the Credit Union's bank

Sort code - of the bank, building society or other account provider.
Please tell us all six numbers for example, 12-34-56

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Insert the sort code for the Credit Union's bank.

Account number

This is seven to ten numbers long.

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Insert the Credit Union's bank account number.

Note: There is currently no provision for DWP systems to record an individual's Credit Union Membership or reference number. Attempts to record this elsewhere (for example in place of a building society roll number) may result in the payments being rejected.

The account name must be the name of the Credit Union (not in the name of an individual or 'responsible person').

3. Recalled Payments (manual and electronic)

The recall of payments made to credit union accounts follows the same processes as currently used for banks and building societies.

The recall process takes place via Royal Bank of Scotland, (RBS). On day 2 of the BACS cycle, **before** payment is credited to the Credit Union's account. DWP's Bank Liaison Section recall the payment and the Credit Union should repay the money according to the instructions issued by RBS when the recall is effected. BACS is the preferred method of returning a recalled payment.

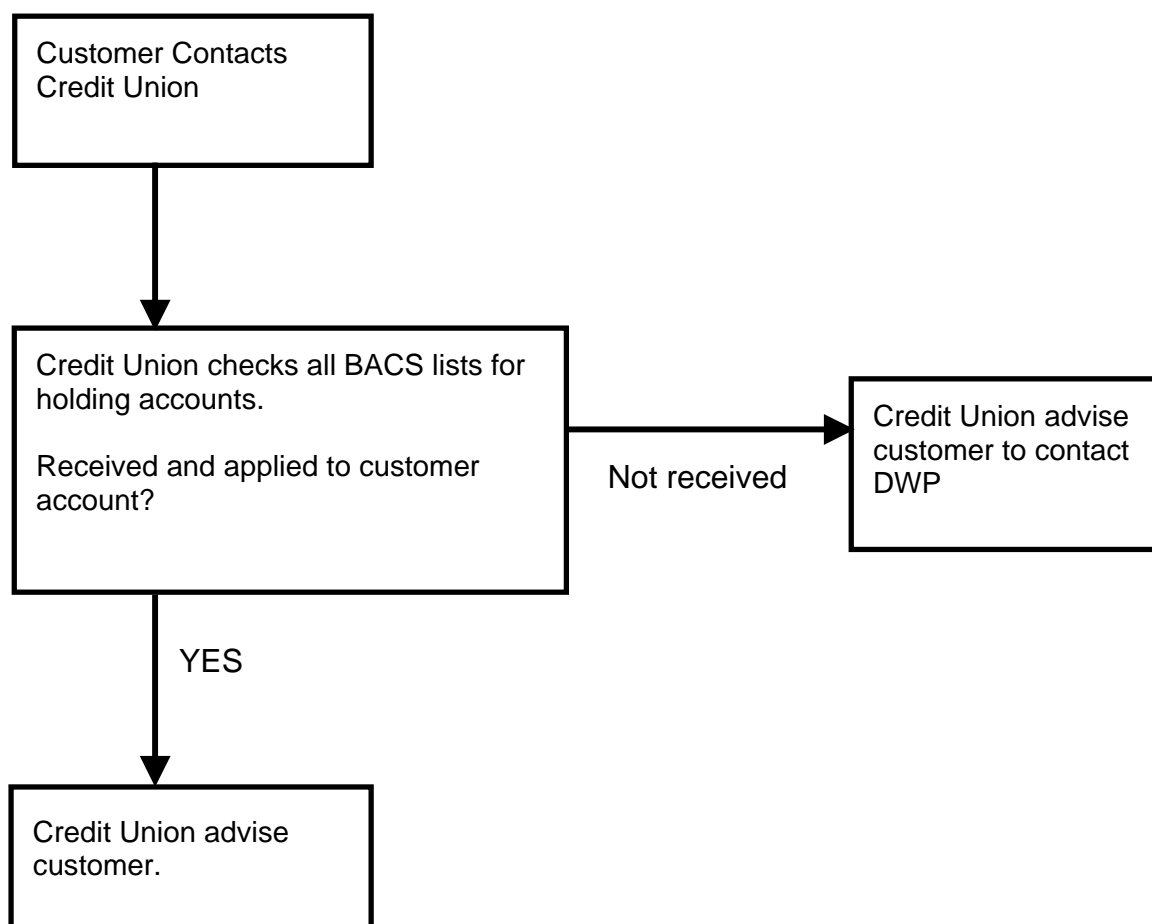
If a cheque is used, the Credit Union should write the customer details on the back of the cheque i.e. National Insurance Number, originating account details etc. This will enable RBS to credit the funds back to the originating account and link the payment to the correct customer.

4. Missing Payments

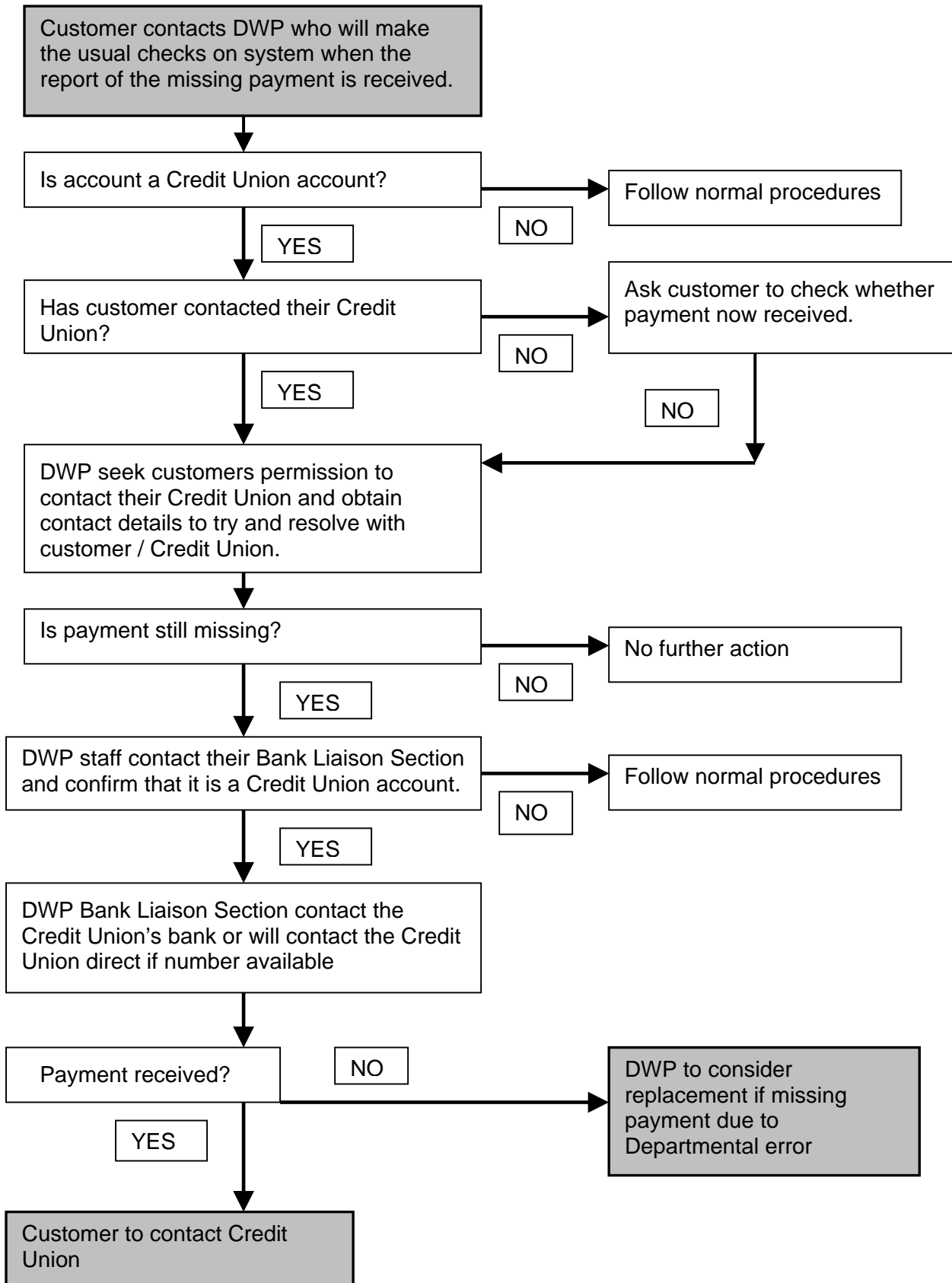
Where it is identified that a payment is missing, either reported not received by the customer or otherwise, the Credit Union will investigate the problem checking their audit and financial records etc.

DWP may need to contact the individual credit union that received the payment, dependent on whether the customer contacts the Credit Union or DWP first. The customer may be required to provide details of the Credit Union and the phone number.

Missing Payments (Credit Union contacted by customer)



Missing Payments (Customer contacts DWP)



5. Rejected Payments

The action on payments rejected by Credit Unions follows the same process currently used for banks and building societies.

Any payment that cannot be matched by the Credit Union to the customer's nominated account should be returned **immediately** to DWP via the sponsor bank with the reason for rejection. The Credit Union should not attempt to repair the payment into the correct account.

The following is a flowchart of the above process:

