

BUDGETING LOAN INFORMATION SHEET

How Budgeting Loans work

A Budgeting Loan can help to pay for:

- Furniture or household items (for example, washing machines or other 'white goods')
- Clothes or footwear
- Rent in advance
- Costs linked to moving house
- Maintenance, improvements or security for your home
- Travelling costs within the UK
- Costs linked to getting a new job
- Maternity costs
- Funeral costs
- Repaying hire purchase loans
- Repaying loans taken for the above items

You may be eligible for a Budgeting Loan if you have been on certain benefits for 6 months.

You only have to pay back the amount you borrow, and repayments are taken automatically from your benefits.

Are you eligible?

To get a Budgeting Loan you must have been getting one or more of these benefits for the past 6 months:

- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Pension Credit

If you moved from Universal Credit to Pension Credit, any time spent claiming Universal Credit will count towards the 6 months.

You cannot get a Budgeting Loan if:

- You are currently claiming Universal Credit – apply for a Budgeting Advance instead
- You are involved in industrial action (for example, a strike, walk-out or lockout)
- You owe more than £1,500 in total for Crisis Loans and Budgeting Loans.

What you could get

The lowest amount you can borrow is £100. You could get up to:

- £348 if you are single
- £464 if you have a partner
- £812 if you or your partner claim Child Benefit

How much you could get depends on whether you:

- Can pay the loan back
- Have savings of more than £1,000 (£2,000 if you or your partner are 63 or over)
- Are paying back an existing Budgeting Loan or Crisis Loan

Paying back the loan

A Budgeting Loan is interest free so you only pay back what you borrow.

The repayments will be taken automatically from your benefits. The amount you repay is based on your income, including any benefits you receive, and what you can afford.

After you apply for a Budgeting Loan, you will get an email, text or letter telling you if you have been offered a loan. This explains how much your weekly repayments will be if you accept the loan.

You normally have to repay the loan within 2 years (104 weeks). If you stop getting benefits, you will need to arrange another way to repay the loan.

Changes to repayments because of coronavirus (COVID-19)

Repayments that were temporarily stopped because of coronavirus are starting again.

If money is usually taken from your benefits or pay, or you previously repaid by Direct Debit, you do not need to do anything. The Department of Work and Pensions (DWP) will write to you when repayments restart.

If you usually make repayments through a bank standing order, bank giro credit or by online banking, contact your bank to restart your repayments at the same rate as before.

How to apply

Before you apply for a Budgeting Loan you must check that you are eligible. If you get Universal Credit you cannot get a Budgeting Loan and will need to apply for a Budgeting Advance instead.

You can apply online or using a paper form. It is quicker to apply online.

Apply Online

When you apply online, you can choose to get a decision on your loan by either:

- Email
- Text message
- Letter

It is quicker to get the decision by email or text message and then accept the offer online.

To apply online, go to <https://www.apply-budgeting-loan.service.gov.uk/steps/appointee-who> .

Apply using the paper form

You will need to fill in form SF500. You can:

- To download and print the form, go to <https://www.gov.uk/government/publications/budgeting-loan-claim-form> . Post the completed form to Freepost, DWP Budgeting Loans 1
- Telephone the Social Fund (0800 169 0140) and ask for a form to be posted to you, it may take 5 days to arrive. Post the completed form to Freepost, DWP Budgeting Loans 1

After you apply

After you apply you will be given a decision on your application. You need to accept the decision before you get your money.

If you apply online

You will find out if you have been offered a loan within:

- 7 days if you get the decision by text or email
- 20 days if you get the decision by letter

If you apply by post

You will get a letter telling you if you have been offered a loan within 31 days.

Accepting the offer

How you accept the loan depends on how you applied.

Accept Online

You can accept the loan offer online by following the instructions in the text or email.

Accept by post

You can accept by signing page 4 of the acceptance letter and returning it in the pre-paid envelope provided. Make sure that the reply slip is folded so that the return address is fully visible in the envelope window.

Return it to the address on the letter. Do not send it to your local Jobcentre Plus office as this may delay getting your loan.

Getting your money

You will get your money:

- Within 7 days if you accept the loan offer online
- Within 21 days if you apply online but accept the loan offer by post
- Within 25 days if you apply and accept the loan offer by post

The money will be paid into your bank, building society or credit union account.

You will get a text message confirming this has been done (or telephone call if you can not receive text messages).

Questions about your application

Call the Social Fund (0800 169 0140) if you have a question about the progress of you application:

You should wait:

- 14 days before telephoning if you applied online
- 21 days before telephoning if you applied by post

Your application may not have been processed if you telephone before then.