



the Money
Advice Service

Managing your money and paying your rent

How to make the most of your
Universal Credit payments



This guide can help you

- ➔ Get the right bank account
- ➔ Draw up a budget
- ➔ Pay your rent
- ➔ Deal with rent arrears
- ➔ Get online

The Money Advice Service is independent and set up by government to help people make the most of their money by giving free, impartial advice. As well as advice about getting ready for Universal Credit, we offer information on a wide range of other money topics.

Visit our website today for advice, tips and tools to help you make informed decisions.

 moneyadviceservice.org.uk

Please note:

The guides 'Get ready for Universal Credit' and 'Paying your own rent' have been merged into this single guide.

You can find all the information from both guides in this leaflet.

This guide is only for people living in England and Wales.

Free impartial advice

 on the web

 on the phone

Here to help you

This guide is for you if you want to know more about Universal Credit.

It can help you:

- make a new claim
- move from your existing benefits onto Universal Credit
- use the right bank account to manage your money
- work out how to pay your rent directly to your landlord
- think about how to make a single payment last a month
- set a budget to plan your spending
- get online and to feel confident using a computer

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What you need to know about Universal Credit

- You may have to wait up to six weeks for your first payment, so don't delay your claim
- Universal Credit will be paid directly into your bank account
- You'll get one monthly payment for your whole household
- Any help you get with your rent will be included in your payment
- You'll have to pay rent to your landlord yourself
- Most people make and manage their Universal Credit claim online

1 Getting the right bank account

Make sure that you use a bank account that:

- lets you receive automated payments – because that is how your Universal Credit will be paid.
- allows you to set up Direct Debits or standing orders to pay your rent and other bills after you've got your first payment.

If you've not used Direct Debits or standing orders to pay rent or regular bills before, talk to your bank about how to arrange the best date for payments to go out to avoid the risk of you going overdrawn.

Don't set up any Direct Debits or standing orders until you know how much Universal Credit you'll be getting and you've got your first payment.

If the money goes out before this, you might go overdrawn and have to pay charges or fees to the bank.

Fee-free basic bank accounts

If you don't qualify to open a standard bank account, for example because you've never had a bank account or you've got a poor credit history, you might be able to apply for a fee-free basic bank account.

Fee-free basic bank accounts allow you to make and receive payments but you can't get an overdraft. You won't pay any charges for using your account. However, if you miss regular payments you may still have to pay fees to the people you owe money to.

Find out more about which banks or building societies offer fee-free basic bank accounts at:

 [moneyadviceservice.org.uk/
fee-free-basic-bank-accounts](https://www.moneyadviceservice.org.uk/fee-free-basic-bank-accounts)

Bank accounts if you are claiming as a couple

If you're in a couple and you're both getting Universal Credit, you can choose to have your Universal Credit paid into a joint or single account. Talk to your partner about what works best for both of you.

Next steps

Find out more about the different types of bank account and pros and cons at:

 [moneyadviceservice.org.uk/
choose-the-right-bank-account](https://www.moneyadviceservice.org.uk/choose-the-right-bank-account)

2 Draw up a budget

You only get one Universal Credit payment a month

If you're used to working out your spending weekly or fortnightly you may need to think of ways to make sure you have enough money to last you the full month.

→ Split your spending into essential and non-essential items

Take a look at your spending and create two lists: one for things you really need, and another for things you could live without.

→ Shop around for better deals

With the essentials, like your gas and electricity or your phone, see if you can switch to a better deal. And look out for discounts and vouchers when food shopping.

→ Cut back on anything you don't need

Be ruthless – cut as many non-essentials as you can. Even small things like newspapers and sweets quickly add up.

Use the handy checklist on the next page to write down how much you have coming in and everything you spend each month.

If you want to do a more detailed breakdown of your income and outgoings, use our online budget planner to help you.

Find our Budget planner tool at:
 [moneyadviceservice.org.uk/
budgetplanner](https://www.moneyadviceservice.org.uk/budgetplanner)

Money Manager tool

Make the most of your Universal Credit payment with personalised help from our Money Manager tool at:

 [moneyadviceservice.org.
uk/money-manager](https://www.moneyadviceservice.org.uk/money-manager)

Budget Planner

Monthly income

Universal Credit

Earnings from work

Other benefits

Pensions

Other income

Total income:

If you're struggling with debt you can get free confidential debt advice today at:

 moneyadviceservice.org.uk/debt

Essential costs

Rent or mortgage

Council Tax

Gas and electricity

Water

Phone and broadband

Transport and travel

Care and health costs

School and childcare costs

Child Maintenance

Insurances

Professional costs

Other essential costs

Total essential costs:

Priority debts

Rent or mortgage arrears

Council Tax

Gas and electricity

Child Maintenance

Court fines

Total priority debts:

Non-priority debts

Overdraft

Credit cards

Personal loan

Car finance loan

Other loans

Store or catalogue payments

Loans from friends or family

Total non-priority debts:

Total income minus total costs and total debts:

£

3 Think about how you'll pay your rent

Here are some ways to make sure you pay your rent on time

→ Make sure your rent date is just after you get paid

When you know the date your Universal Credit payment will be paid every month, ask your landlord if you can move the date you pay your rent to just after you get your Universal Credit payment – or wages if you're working.

→ Set up a Direct Debit or standing order

You can ask your bank to do this but wait until you've got your first payment. Your rent money will go to your landlord automatically on the same day each month and you won't have to remember to do it.

→ Put your rent in a separate account

Then set up a standing order so your rent goes straight into this account and sits there until rent day.

→ Open a jam jar or rent account

Jam jar accounts let you put your money into separate pots to keep it separate. You can have pots for rent, food and bills, making it easier to manage your payments. Some credit unions and housing associations offer jam jar accounts. You may have to pay a monthly fee.

→ Get a prepaid card

Put your spending money onto your card and leave money for your rent and other bills in your bank account.



4 If you go into rent arrears

If you think you're going to be late with your rent:

- always talk to your landlord, housing association or council before there's a problem
- open their letters and return their calls
- try to work with them to find a practical solution

All these things will show you are making an effort to keep on top of things.

If you are already in rent arrears:

- ask your landlord or your work coach about setting up direct payments.

Your rent will be paid directly to your landlord until you get back on track.

If you want to carry on paying rent yourself ask your work coach for a More Frequent Payment – you will get your Universal Credit payment paid fortnightly or weekly. This may help you to pay your rent on time.

Find our Debt Advice Locator tool at
 moneyadviceservice.org.uk/debt

If you are paying back rent arrears:

- tell your work coach if the repayments are too high and you risk going into more debt. They can help to set them at a rate you can afford.

Advice about rent arrears or eviction:

Shelter 0808 800 4444 Shelter.org.uk
Citizens Advice citizensadvice.org.uk

5 Get online

The benefits of getting online

Most people have to make and manage their Universal Credit claim online.

If you're new to computers or haven't felt confident about using them in the past, now is a good time to learn or get up to speed.

On the internet you can also find lots of ways to save money on bills and spending.

Use the internet to get cheaper deals

Being online can save you money. It's easy to compare the best deals for gas and electricity, mobile phones and broadband, insurance, supermarket shopping and petrol.

You can also find websites to get money off vouchers to use at high street stores or online.

Find out more about using online comparison websites to save money at:

 [moneyadviceservice.org.uk/
price-comparison](http://moneyadviceservice.org.uk/price-comparison)

→ Learn how to use a computer

Go to these places to find out about free training.

- Call or visit your **local library** for help to get online
- Ask your **Jobcentre Plus adviser** or **work coach**
- To find free digital skills support in your area, call the **National Careers Service** on 0800 100 900. They can also give advice about skills, training and applying for jobs
- Visit the Online Centres Network website: **ukonlinecentres.com** to find your nearest training centre.

If you're getting Universal Credit and aren't earning any income from working, ask about the BT Basic package which offers a low monthly line rental and call allowance. It comes with a price cap to help you budget and an amount of internet access for web browsing and downloads.

You must be a BT customer. If you are not, you can get connected for free. A phone and broadband package costs around £9.95 per month.

Find out more at: **bt.com/btbasic** or call 0800 800 864 (8am to 6pm Mondays to Fridays).

Use this page to record your notes



**the Money
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your rent** is one of the guides available
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Money Advice Line **0800 138 7777***
Typetalk **1800 1 0300 500 5000**

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in Braille, large print or
audio format please contact
us on the above numbers.

*Calls are free. To help us maintain and improve our
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Information correct at time of printing (August 2017)

August 2017

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Ref: MYMPYR0002_W