

# How to apply for a budgeting loan or advance

## What are budgeting loans and advances?

With Crisis Loans no longer available, other options have replaced the scheme to help when life throws sudden curveballs at you.

Budgeting Loans and Budgeting Advances are interest-free products that can help pay for an essential or unexpected expense if you're on a low income.

To qualify for a Budgeting Loan, you'll need to have been on Pension Credit, Income Support, Income-related Employment and Support Allowance or income-based Job Seeker's Allowance for the past six months.

If you're on Universal Credit, you will need to apply for a Budgeting Advance instead of a Budgeting Loan.

You won't qualify if any of the following apply to your situation:

- You get 'new style' Jobseeker's Allowance or 'new style' Employment and Support Allowance.
- You're involved in industrial action (for example a strike, walkout or lockout).
- You owe more than £1,500 in total for Crisis Loans and Budgeting Loans.

## How will I have to pay it back?

As a Budgeting Loan is interest-free, you'll only pay back what you borrow.

Repayments are taken automatically from your benefits, so it's important to remember that you'll receive less while paying the loan back. You normally get two years (or 104 weeks) to repay the loan.

## How much would I be able to borrow in a Budgeting Loan?

How much you get will depend on your ability to pay the loan back, whether you have savings of more than £1,000 (£2,000 if you or your partner are 63 or over), and if you're already paying back an existing Budgeting Loan or Crisis Loan.

If you meet the eligibility, you could get up to:

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

These figures are correct as of April 2023 but are subject to change.

## What's the difference between a Budgeting Loan and Budgeting Advance?

A Budgeting Advance is like a Budgeting Loan but for those who receive Universal Credit.

Again, how much you could get will depend on your ability to pay the loan back. However, if you have savings of over £1,000, the amount you're offered will go down by £1 for every £1 you have over £1,000 in savings.

So, if you have £1,200 in savings, the amount you're offered will drop by £200.

The advance will need to be repaid in 12 months as opposed to the two years for the Budgeting Loan, and repayments will be taken directly from your monthly Universal Credit payment.

While the amounts you can receive are the same, the criteria are slightly different.

To be eligible for a Budgeting Advance, you will need to have:

- Been receiving Universal Credit, Employment and Support Allowance, Income Support, Jobseeker's Allowance or State Pension Credit for at least six months (unless you need the money to help you start a new job or keep an existing one).
- Earned less than £2,600, or £3,600 jointly for couples, in the past six months.
- Paid off any previous Budgeting Advances.

You can get up to:

- £348 if you're single
- £464 if you're part of a couple
- £812 if you have children

These figures are correct as of April 2023 but are subject to change.

If you move away from Universal Credit to a different benefit during the repayment period, the deductions will continue to be taken until the advance is paid off.

### What if I stop getting benefits?

If this happens, you'll need to contact the department office to arrange a new repayment plan. If you don't, you'll get a letter from DWP Debt Management that will explain how to repay and manage any benefit money that you owe. DWP can also contact your employer or ask an independent debt collections agency to collect for them.

### How do I apply for a Budgeting Loan?

You can apply [online](#) or [download](#) a form to send. If you live in Northern Ireland, you can apply for a Social Fund Budgeting Loan [here](#).

You can also ask for a 'Form SF500' at your local Jobcentre Plus or Jobs and Benefits Office in Northern Ireland.

## What if I can't afford to pay the Budgeting Advance or Budgeting Loan back?

If you can't afford the repayments, make sure you speak to the relevant office to arrange another repayment plan and avoid falling into further debt.

You can show DWP Debt Management a [budget sheet](#) that demonstrates that the repayments will cause you hardship and they will look at renegotiating an affordable plan for you.

DWP can only deduct up to 40% from your Universal Credits, including any other payments being deducted from it.

By contacting the DWP on 0800 916 0647 and explaining your situation, they should help you come to an affordable repayment arrangement.

### How do I apply for a Budgeting Advance?

To apply for a Budgeting Advance, you'll need to speak to your local Jobcentre Plus work coach.

**Remember, if you're unable to keep up with repayments, our team are here and ready to help.**