# Landlord faces £10,000 loss as DWP benefits system struggles to keep up with rent increases



A tenant's mounting rent arrears have highlighted significant flaws within the UK’s housing benefit system, specifically in relation to the Department of Work and Pensions (DWP). The case of Brian Southern, a landlord whose tenant has accumulated over £10,000 in arrears, illustrates ongoing challenges in the relationship between tenants, landlords, and the DWP.

Southern’s tenant has failed to report rent increases despite the issuance of a Section 13 notice, which informs them of the intention to raise rent in line with Local Housing Allowance (LHA) adjustments. While the LHA rates have increased to £750 in April 2020 and further to £950 in April 2024, Southern continues to receive payments based on a 2020 rate of £499. This discrepancy has resulted in significant financial strain for the landlord, who claims he has repeatedly notified the DWP of the changes yet has been met with resistance.

Bill Irvine from UC Advice & Advocacy sheds light on the situation, noting that tenants often do not report changes in their circumstances, fearing repercussions on their benefits. “Some tenants, for a variety of reasons, don’t update their journals when circumstances change. This tenant thinks her benefit will be reduced if she does,” he remarked. The DWP, however, does possess the authority to adjust payments without the tenant's direct consent, placing the onus on both parties—tenants must report changes, while landlords must also communicate rent updates.

More broadly, this situation draws attention to an ongoing review by the UK government into the system allowing direct rent collection from tenant benefit payments. Following a court ruling that deemed the DWP's automatic approval of landlord deduction requests as both unfair and unlawful, the government is tasked with reassessing the balance of tenant protection and landlord rights. The DWP has acknowledged these concerns, urging landlords like Southern to engage with their local Partnership Managers when faced with such dilemmas.

Shelter England provides further context regarding how the DWP handles rent arrears under Universal Credit. Although landlords are permitted to request deductions from payments for tenants who owe at least two months' rent, these deductions can only occur with tenant consent. Furthermore, as of April 2025, the maximum amount that can be deducted from payments for all debts, including rent, will be capped at 15% of a claimant’s standard allowance. This regulation underscores the importance of transparency and communication between all parties involved.

The ruling that prompted the government’s review illustrated a critical shift in policy, recognising the need for increased safeguards for tenants. The court’s decision highlighted how the process inadvertently infringed upon tenant rights by allowing deductions without prior consultation. In practice, this change may mitigate the risks of tenants falling into deeper financial distress due to unduly hefty deductions from their benefits.

As the DWP and government move towards reevaluating the existing framework, the need to ensure that both landlords and tenants are fairly treated has never been more urgent. With landlords like Brian Southern facing substantial losses and tenants navigating complex benefit systems, both parties must find a collaborative solution to avoid harmful arrears and maintain stable housing environments.

## Reference Map:

* Paragraph 1 – [[1]](https://www.landlordzone.co.uk/news/landlord-ps10-000-out-of-pocket-as-dwp-rules-complicate-payments), [[2]](https://www.gov.uk/government/news/powers-for-landlords-to-collect-rent-from-benefit-payments-to-be-re-examined)
* Paragraph 2 – [[1]](https://www.landlordzone.co.uk/news/landlord-ps10-000-out-of-pocket-as-dwp-rules-complicate-payments), [[3]](https://england.shelter.org.uk/housing_advice/benefits/universal_credit_deductions), [[4]](https://england.shelter.org.uk/professional_resources/legal/benefits/universal_credit/deductions_from_universal_credit_for_debts)
* Paragraph 3 – [[5]](https://england.shelter.org.uk/housing_advice/benefits/universal_credit_deductions/rent_and_service_charge_arrears), [[6]](https://www.gov.uk/government/publications/universal-credit-and-rented-housing--2/universal-credit-and-rented-housing-guide-for-landlords)
* Paragraph 4 – [[7]](https://www.theguardian.com/society/2025/jan/26/dwp-program-that-automatically-approves-landlord-benefit-deduction-requests-ruled-unlawful)

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## Bibliography

1. <https://www.landlordzone.co.uk/news/landlord-ps10-000-out-of-pocket-as-dwp-rules-complicate-payments> - Please view link - unable to able to access data
2. <https://www.gov.uk/government/news/powers-for-landlords-to-collect-rent-from-benefit-payments-to-be-re-examined> - The UK government is re-examining the system that allows landlords to collect rent directly from tenants' benefit payments. This follows a court ruling that found the automatic approval of such deductions to be unfair and unlawful. The Department for Work and Pensions (DWP) is considering changes to ensure tenants' rights are protected and to prevent financial strain on landlords. The review aims to balance the interests of both parties and address concerns about tenants being pushed into debt due to these deductions.
3. <https://england.shelter.org.uk/housing_advice/benefits/universal_credit_deductions> - Shelter England provides guidance on Universal Credit deductions, detailing how much can be taken for various debts, including rent arrears. The article explains that from 30 April 2025, the general limit for all debt deductions is 15% of a claimant's standard allowance. It also outlines the process for landlords to request deductions for rent arrears and the circumstances under which these deductions can be made, emphasising the importance of tenants' consent and the need for clear communication between tenants, landlords, and the DWP.
4. <https://england.shelter.org.uk/professional_resources/legal/benefits/universal_credit/deductions_from_universal_credit_for_debts> - Shelter England's legal resources detail the DWP's ability to make third-party deductions from Universal Credit payments to pay creditors, including landlords for rent arrears. The article specifies that deductions can be made for various debts, such as rent and service charges, fuel costs, and council tax. It also outlines the maximum amounts that can be deducted and the conditions under which these deductions can be made, highlighting the importance of tenants' consent and the need for landlords to follow proper procedures when requesting deductions.
5. <https://england.shelter.org.uk/housing_advice/benefits/universal_credit_deductions/rent_and_service_charge_arrears> - Shelter England discusses how rent and service charge arrears are handled under Universal Credit. The article explains that landlords can request deductions from a tenant's Universal Credit payment if the tenant owes at least two months' rent. It provides a table showing the highest and lowest amounts that can be deducted each month, depending on the claimant's circumstances. The article also advises tenants on how to request a reduction in deductions if they are struggling financially and outlines the process for disputing deductions.
6. <https://www.gov.uk/government/publications/universal-credit-and-rented-housing--2/universal-credit-and-rented-housing-guide-for-landlords> - The UK government's guide for landlords explains how Universal Credit interacts with rented housing. It details how landlords can request managed payments or rent arrears deductions if a tenant has accrued arrears of at least two months' rent. The guide outlines the maximum rate at which deductions can be made and how these payments are processed. It also provides information on recovering rent arrears from a Universal Credit claim and the importance of providing a Department for Work and Pensions Creditor Reference Number to avoid payment delays.
7. <https://www.theguardian.com/society/2025/jan/26/dwp-program-that-automatically-approves-landlord-benefit-deduction-requests-ruled-unlawful> - The Guardian reports on a court ruling that declared the Department for Work and Pensions' (DWP) automatic approval of landlord benefit deduction requests unlawful. The case involved a tenant, Nathan Roberts, who argued that the DWP's process violated tenants' rights by approving deductions without consulting them. The ruling requires the DWP to introduce tenant safeguards into a process that approves tens of thousands of benefit deduction and rent diversion requests by landlords each year, ensuring tenants have the opportunity to make representations before deductions are made.