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[Direct Pay Choice: Overview](#)

Overview

Once a case has been set up both parties will be asked to confirm whether they wish to establish a Direct Pay agreement and thus avoid Collection Fees or whether they wish to enter Collect and Pay which will attract Collection Fees. The table below shows a high-level overview of the various permutations of this question:

		NRP Decision	
		Direct Pay	Collect and Pay
PWC Decision	Direct Pay	Direct	Direct
	Collect and Pay	Unlikely To Pay Check	Collect and Pay

[1991/48](#) Section 4 (2A) of the Child Support Act 1991 (As amended by Section 137 of the Welfare Reform Act 2012)

[1991/48](#) Section 7 (3A) of the Child Support Act 1991 (As amended by Section 137 of the Welfare Reform Act 2012)

The new provisions of the Child Support Act change when a case may be administered via Collect and Pay by the Child Maintenance Group. This applies to person with care, non resident parent and child in Scotland applications.

What Has Changed?

Child Support Law has been changed so that a case may only be managed via Collect and Pay if the parent with care requests this and either the non-resident parent agrees to this or the Secretary of State is satisfied that without these arrangements maintenance is unlikely to be paid in line with the calculation.

This allows a parent with care to select Direct Pay as their service type and for this request to be enacted without the need to obtain permission from the non-resident parent. Previously Direct Pay arrangements normally had to be mutually agreed by both parties before this could be accepted.

However, if a

non-resident parent requests Direct Pay, this will not be implemented if the parent with care then requests Collect and Pay **and** the Secretary of State concludes, following an Unlikely to Pay check, that without Collect and Pay arrangements maintenance is unlikely to be paid.

One of the major motivations behind the Government's ongoing reform of the Child Maintenance Service is to empower parents to make collaborative arrangements in the best interests of themselves and their children. A major part of this reform involves the introduction of fees for clients using Collect and Pay to incentivise them towards a collaborative arrangement outside of the statutory scheme.

Under the previous model of mutual agreement there was limited incentive for a parent with care to agree to a Direct Pay arrangement. The introduction of Collection Fees will mean that a parent with care in Collect and Pay must pay Collection Fees. This acts as an incentive for them to reach a collaborative arrangement.

Collection Fees place a significant additional financial obligation on a non-resident parent who pays via Collect and Pay. It was, therefore, considered necessary to amend legislation so that a non-resident parent cannot be required to use Collect and Pay unless they agree to this or are deemed Unlikely to Pay.

Under the amended legislation non-resident parents will be able to use Direct Pay even where the parent with care wishes to receive maintenance via Collect and Pay, provided they are not deemed Unlikely to Pay.

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Parent with care Requests Direct Pay

A parent with care, person with care or child in Scotland has the right to request Direct Pay at any point in the process. Where a parent with care, person with care or child in Scotland requests Direct Pay this decision is to be accepted regardless of the non-resident parent's preferred service type or unlikely to pay status. The Secretary of State cannot make arrangements for collection in this circumstance.

Non-resident parent Requests Direct Pay

Where a non-resident parent selects Direct Pay as their service type the caseworker must determine whether or not the parent with care has already selected a service type and if so whether or not they have also selected Direct Pay. This will determine whether or not an Unlikely To Pay check needs to be considered. An unlikely to pay check will be required only where a non-resident parent requests Direct Pay but the parent with care, person with care or child in Scotland has already requested the collection service, or has not yet selected a service type at the time of the non-resident parent's selection and subsequently requests the collection service. Further detail on this process can be found in the "[Unlikely To Pay](#)" Policy, Law and Decision Making Guidance.

Collect and Pay

[1991/48](#) Section 4 (2A) b of the Child Support Act 1991 (As amended by Section 137 of the Welfare Reform Act 2012)

[1991/48](#) Section 7 (3A) of the Child Support Act 1991 (As amended by Section 137 of the Welfare Reform Act 2012)

A case can only be managed using Collect and Pay where requested by a parent with care and either the non-resident parent agrees to these arrangements, or the Secretary of State determines that the non-resident parent is unlikely to pay.

Parent with care Refuses To Comply

The Child Maintenance Group has no legal power to compel a parent with care to disclose their account details or to co-operate with a Direct Pay agreement. In circumstances where the parent with care is unwilling to comply with the Direct Pay decision and the non-resident parent has not been found Unlikely to Pay the non-resident parent must be advised to retain the amounts of maintenance that are due to be paid to the parent with care until such time as the parent with care agrees to comply.

This action will make it more difficult for the parent with care to subsequently allege that the non-resident parent is unlikely to pay, which could result in them ending up on the collection service.

For parents with care who are victims of domestic violence and concerned about disclosing personal information please refer to Non-Geographic Bank Accounts section below.

Keeping Records

Should Direct Pay break down a case will be moved to collect and pay where the criteria under 'Collect and Pay' above are satisfied. This will be effective from the date the decision to move the case onto Collect and Pay is made. The Child Maintenance Group will collect arrears of maintenance that should have been paid

when the case was Direct Pay, but fees will not be payable on these arrears. There is no legal limit on how far back a breakdown of Direct Pay can be retrospectively applied. However in general you should only need to consider retrospectively applying payments back to at least the last annual review. Cases that fall outside this period should be referred to Advice and Guidance. Where a case is placed onto Direct Pay clients must be advised that payments need to be made in line with the amounts and dates supplied within the schedule provided and that records must be kept.

Where Direct Pay has broken down payment records will be requested to determine payments that have and have not been made. It is, therefore, important that the message to keep payment records is conveyed to clients during initial Direct Pay setup.

Payment Options

Parents with care may have legitimate concerns about entering into a Direct Pay arrangement and supplying their bank details to their former partner. These concerns may be valid however they are not a reason not to set up a Direct Pay agreement.

There are many payment options that can be used for arranging Direct Pay, some of which are listed below. There is no definitive approach to Direct Pay it is up to the two parties themselves to decide upon the payment approach that works best for them. The Child Maintenance Group will help clients by offering advice over potential options and the advantages of ensuring that the selected method is auditable however the final decision rests with the clients to choose a mutually acceptable method.

It is important to note caseworkers can discuss the facts of what each option involves but should not express opinions as to which option the customer should choose as we cannot give customers any advice that could be deemed to be financial advice.

Standing order

For the vast majority of clients it is likely that the most effective means of facilitating payments between each other will be via a standing order. This offers the security of being auditable as well as likely being a payment method that a non-resident parent is used to making and the other party is used to receiving. Where the two parties do not wish to have contact a parent with care, person with care or child in Scotland can be advised that the Child Maintenance Service is able to transfer their bank details to the non-resident parent removing any need for contact.

Automated money transfer

A variety of providers such as PayPal, MoneyGram and Barclays Pingit offer services that allow two parties to electronically transfer sums of money to one

another. Although not appropriate for everybody as this usually requires an e-mail address or telephone number, which could facilitate unwanted contact, this remains a viable option for clients who wish for a simple, auditable way of transferring money. The Child Maintenance Group must not advertise any specific provider of these services but must ensure that clients are aware that some providers of these services may charge and to be aware of this before entering into any such agreement.

Non-geographic bank accounts

Some parents with care may have legitimate concerns that they could be traced by their former partner using their bank sort code if they are obliged to disclose their bank account details. For many bank accounts the sort code is a unique identifier associated with a specific bank branch – usually the branch where the account was first set up. Where a parent with care is concerned about this they must be advised that most banks will be able to offer a solution to their problem.

Although many banks offer non-geographic sort codes this is not a term that is officially recognised by the majority of banks. They refer to such things as centralised or national sort codes. If a client wishes to take advantage of one of these accounts or is unsure whether or not their account has this provision the Child Maintenance Group has literature which should be sent to the client, which is available here http://intralink/1/csa/btools/forms/2012-scheme/letters/dwp_t804655.doc. This letter can be taken to the relevant bank and explains the situation and the requirement. From testing the majority of banks have confirmed that when presented with this letter they would understand what the client required and would be able to help.

The British Banking Association has advised that the following provisions can help to ensure that a parent with care will not be able to be traced via their sort code:

- most banks will be able to offer a provision of some sort to a client who has concerns about disclosing their location via their sort code. This may, however, involve moving to a new account. Clients should discuss their options with their bank
- many banks offer “basic bank accounts” which have a sort code which is centralised and not linked to any specific area. Clients may wish to check with their bank whether or not their account is one of these or whether they can open one
- bank accounts opened remotely i.e. via telephone or online have a sort code which is not linked to a geographic area. Clients should check with their bank if they are unsure whether their account has this provision
- banks that do not have a high street presence such as First Direct do not have geographical sort codes. Clients should check with their bank whether or not this is the case

Certain banks, such as HSBC and Natwest, do offer non-geographic sort codes on accounts opened remotely, such as their online accounts, however these cannot be opened in branch. Where a client is a customer of one of these banks and is unwilling or unable to open an account remotely caseworkers should talk them through alternative options such as opening an account with a provider without a high street presence or a basic account which does not have a geographic sort code.

Pre-payment cards

The Financial Conduct Authority has strict regulations to combat money laundering, this requires that any transaction from one bank to another should include specific information, including the name of the payee. In very extreme circumstances a parent with care, person with care or child in Scotland may have legally changed their name in order to avoid an abusive former partner or for other specialist circumstances such as gender reassignment.

In these circumstances it is reasonable that a client may not wish to disclose their bank details as they are uncomfortable with the other party knowing their new name. For these clients they may wish to consider procuring a pre-pay MasterCard which are available from a number of providers. These cards can be loaded with funds and used in exactly the same way as any other debit/credit card except that, because they have no credit facility attached, they do not attract the same application processes as other accounts and can be opened in any name specified without this having to be the clients legal identity.

The Child Maintenance Group cannot advise clients to purchase a specific card, it is up to clients to compare the cards available and come to an informed decision which card is best for them. Certain cards come with stipulations about where they can be used e.g. within the UK only whilst others may have annual charges associated with them. It is up to a parent with care to ultimately decide upon a card that best fits their circumstances.

Once a card has been procured, the non-resident parent will be able to set up payments to the card by a regular standing order as with any other account.

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Guidance on performing an Unlikely To Pay check is available in a separate PLDMG chapter available [here](#).

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