Consultation Response

Carer’s Allowance: Call for evidence

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About this consultation

Carer's Allowance (CA) is a non-means-tested benefit for people providing 35+ hours of unpaid care to family members or other relatives/friends. In 2025, the Department for Work and Pensions (DWP) commissioned an independent review of CA overpayments – a major problem whereby many carers unknowingly accrued significant overpayments, which had to be repaid. Following this review, the Government committed to improving the system. In July 2026 it launched a call for evidence to understand how CA can better support carers to balance work and care, and more generally modernise this important benefit.

Key points and recommendations

1. Introducing a taper to CA could help working carers in terms of not experiencing a cliff edge, feeling confident to remain in work, and minimising the risk of overpayments. But there is also a risk of new problems being created through added complexity – these would need to managed closely. If a taper is introduced, the best option may be to allow people to earn more before CA starts to reduce and then reducing it more quickly.
2. Too many CA recipients live in poverty (42%) and carers themselves consistently raise the benefit's inadequacy as its key problem. The Government should review the adequacy of CA and increase its value, with a corresponding increase in the Universal Credit (UC) carer element. There is also a case for a new payment for carers over State Pension age, to recognise their increased costs due to caring responsibilities.
3. We welcome attention on the discrepancy between CA and the UC carer element in terms of their associated National Insurance (NI) credits. There may be a case for simply equalising NI credit rights across both benefits at the more generous Class 1 level.
4. A common issue we see affecting pensioners is people missing out on Pension Credit (PC) through lack of awareness of, or confusion around the underlying entitlement to CA. Ideally, someone could access the carer addition and therefore PC through a single application – without having to apply for CA and have that claim rejected. Improving information to claimants through rejection letters and call handlers could help.
5. Another key issue is how some disabled pensioners receiving the PC severe disability addition lose that addition (and potentially PC altogether) because someone has claimed CA ostensibly to provide care for them but is not actually providing any care. The disabled person is not even aware of the CA claim. This is complex issue with anti-fraud protocols but the DWP should change its practice so it does not immediately remove the severe disability addition while investigating. It should better enable the disabled person to inform the DWP that they are not receiving care from the CA claimant.
6. As the SPa rises to 67, there is an urgent need to mitigate the poverty among carers just below SPa. Everyone within three years of their SPa who is realistically unable to work again due to illness, disability or caring responsibilities should have access to greater financial support through the social security system. Relatedly, carers receiving the UC carer element should have a work allowance.
7. The DWP should look at Carer's Credits – important for helping carers build their State Pension entitlement – specifically the lack of awareness of them among people eligible
8. We support Carer's UK's call to extend the eight-week run-on of CA following bereavement to 12 weeks.

About Age UK

Age UK believes every older person should be included and valued. We're working locally, nationally and internationally to change the way we age. Together with our partners, we're changing the day-to-day experience of getting older through essential services and local support. In the UK, the charity helps more than seven million older people each year by providing advice and support, including through our national advice line and our friendship services. It also researches and campaigns on the issues that matter most to older people, aiming to put older people at the heart of public policy and shift the way ageing is treated and represented.

Introduction

According to the 2021 Census, there were 1.3m carers aged 65+ in the UK,[1] making up more than one in five of all carers (23%).[i] As of November 2025 there were 307,000 pensioners entitled to Carer's Allowance (CA), including those with an underlying entitlement.[2]

Our primary focus is pensioners, although we also support people in the years approaching retirement (50-65). A lot of people provide care at this stage of life, to older relatives in their 70s/80s or older and sometimes combined with care for younger relatives (sandwich caring). People aged 55-64 make up one in four of all carers (24%).[3] Age 56-60 is where caring peaks in terms of the proportion of people providing unpaid care (17%).[4] This age group face a different set of issues to pensioners. Across all ages, women are more likely to provide care – 59% of carers are women. The call for evidence questions on combining earnings and CA are more relevant, as people attempt and often struggle to keep working for as long as possible and as close to the SPa as possible. Our responses also cover some of these issues.

We respond only to selected questions from the call for evidence.

Section 2: Modern patterns of work

Q5. The Department is exploring options for replacing the current Carer's Allowance weekly cliff-edge earnings limit with an earnings taper. At the moment, Carer's Allowance payments stop if earnings go above the weekly limit. One possible alternative would be for the amount of Carer's Allowance to reduce gradually as earnings rise above a set amount, rather than stopping in full as now. This is known as an earnings taper.

[i] The data available is for people aged 65+. In 2021 the SPa was 66. So, this figure is a decent if imperfect gauge of pensioner carers.

There are different ways this could work. Decisions would need to be made on the rate of any taper and the level of earnings it is applied to, whilst maintaining value for the taxpayer.

If Carer's Allowance were reduced gradually as earnings increase (an earnings taper), which approach would you prefer?

- *Allowing people to earn more before Carer's Allowance starts to reduce, but then reducing it more quickly*
- *Starting to reduce Carer's Allowance at a lower level of earnings, but reducing it more gradually*

We are agnostic on whether to introduce a taper. We can see the strong potential benefits to working carers in terms of not experiencing a CA cliff edge, feeling confident to remain in work and minimising the risk of overpayments. If there is a way to make it work well for carers and the DWP that would be ideal. However, there is also a risk of new problems being created through added complexity in the system, including the risk of new ways of accruing accidental overpayments through things like bonuses, back pay and different cycles for earnings and reporting those earnings. Carers report that simplicity of the system, being able to understand how it operates, is very important.

If a taper is introduced, it may be better to allow people to earn more before CA starts to reduce and reducing it more quickly. This would mean the taper affects fewer people and so reduces the risks mentioned above, while still maintaining the benefits of a taper instead of a cliff edge.

With or without a taper, there is a strong argument for a higher level of basic payment of CA. The JRF estimates that 42% of people receiving CA are still in poverty.[5] Carers themselves consistently raise the benefit's inadequacy as its key problem. Carer's UK's 2024 State of Caring survey found that 90% of carers do not believe CA provides them with adequate financial support. Many say that it undervalues the intensity and hours of care being provided.

We believe there is a strong case to review the wider adequacy of CA and to increase CA by at least the level of the Scottish Carer Supplement (an additional £11.70 per week). Any increase to CA should be matched by an equivalent increase to the Universal Credit carer element.

We also believe the Government should consider introducing a new payment for carers over SPa, to recognise their increased costs due to caring responsibilities. This would be a flat, non-means-tested weekly payment for carers on top of the State Pension. Furthermore, consideration should be given to an increase to the level of the carer addition for those receiving Pension Credit. Modelling indicates that an increase of £11.10 per week could bring 10,000 older carers out of poverty at a cost of £80m pa. An uplift of £36.30 per week could halve the rate of deep poverty amongst carer addition recipients at a cost of £300m pa.

Q9. Around two-thirds of people receiving Carer's Allowance also receive Universal Credit. This can include additional support for carers through a carer addition. Where someone receives both benefits, Carer's Allowance is taken into account as income, meaning the amount of Universal Credit is increased by the carer addition but then reduced by the income from Carer's Allowance.

Carer's Allowance gives rise to a more generous National Insurance contribution than Universal Credit, but Universal Credit is paid at a higher rate than Carer's Allowance and has more generous treatment of earnings. Carer's Allowance is an individual benefit which ignores capital or income other than earnings, whereas Universal Credit is a means-tested household benefit.

The Department is considering how best the two systems can work together in the future so that it is easier to understand. How should the Department ensure that the support for unpaid carers through Carer's Allowance and Universal Credit works more effectively together for those who receive both?

We welcome the Department's attention on this issue. This is a complex area but there may be a case for simply equalising the National Insurance (NI) credit rights across Carer's Allowance (CA) and the Universal Credit carer element at the more generous Class 1 NI credit level currently given with receipt of CA. This would remove a difference between the two benefits, meaning people can decide which benefit to claim according to their circumstances without experiencing a penalty.

Section 4: Wider view on experiences of Carer's Allowance

Q12. We recognise that people may have wider views on Carer's Allowance and the way it works. Are there other aspects of Carer's Allowance that you think it would be helpful for the Department to understand?

There are three other significant issues we wish to draw the Department's attention to.

Firstly, people over State Pension age (SPa) ('pensioners') often miss out on access to Pension Credit (PC) through lack of awareness of or confusion around the underlying entitlement to CA. This is the main CA-related issue Age UK sees through our network's advice services.

People who receive a State Pension worth at least the value of CA cannot also receive CA due to the overlapping benefits rule. However, they can receive an underlying entitlement to CA, which does not in itself provide income but gives people access to the carer addition in PC. This, in turn, increases the income threshold for PC, thereby bringing some people into PC eligibility who would not be eligible otherwise.

Older people often find this interaction of benefits confusing. In particular, they struggle to see how being ineligible for CA may still mean they can access a higher level of another benefit (PC). Indeed, we are aware of cases where clients are told directly by the CA helpline that they won't be eligible so are advised not to claim. We have seen DWP rejection letters that tell the claimant they aren't eligible for CA and, further down, that they may have an underlying entitlement. There may be scope to change the wording, ordering or framing of these messages so it is much clearer to the reader that they may have an underlying entitlement, what this may mean for other benefit entitlements, and what clear actions to take. There may also be scope to improve call handlers' understanding and practice re explaining and signposting.

Ideally, someone could access the carer addition and therefore PC through a single application – without having to apply for CA and have that claim rejected. We know there are administrative challenges to this but we understand that the Department is looking at this again and would welcome further progress.

This links closely to the wider issue of PC take-up. Only 69% of people eligible for PC Guarantee Credit are estimated to be receiving it,[6] and Age UK has estimated that there could be 65,000 carers eligible for PC but not receiving it.[7] Improving access to underlying entitlement to CA would improve this situation. We also support Carers UK's recommendation for an automatic check for entitlement to PC for carers in receipt of CA when reaching SPa.[8] This could take the form of targeted information telling people that they could be eligible for PC, explaining the interaction with the underlying entitlement to CA and signposting them to benefit advice services and benefit calculators.

Secondly, some disabled pensioners receiving PC through the severe disability addition lose that addition (and potentially PC altogether) because someone else has claimed CA[ii] ostensibly to provide care for them but without actually providing any care. The disabled person is not even aware of the CA claim. This issue is the second most common CA-related query Age UK sees through our advice services. We have seen cases where the disabled person has lost access to PC as a result, leaving them exposed to financial hardship for a long period of time through no fault of their own.

Indeed, there can be a cascade of benefit losses as a result – severe disability addition, PC and then benefits linked to PC including full Housing Benefit and Council Tax Support. We're also concerned about this resulting in overpayments of PC that the disabled person has to repay but may be unable to. They are deemed ineligible for the severe disability addition and therefore the PC they have already received due to someone claiming CA, even though they never actually received any care.

We understand that from the DWP's perspective this is an issue of fraud that requires investigation. Our understanding is that DWP policy is to remove the disabled person's severe disability addition during investigation. The problem is that this can leave those people waiting for a long time to re-access the PC income that they rely on to meet their basic needs – again, having done nothing wrong.

When someone claims CA for a disabled person, the disabled person gets sent a letter by DWP informing them, but often they don't see or read it or understand exactly what has happened. In one case we saw, the older disabled person did not recall receiving this letter, but the DWP said it had been sent, which was taken to mean the older person had confirmed she was receiving care.

For those who do understand what has happened, they are not able to raise the issue with the DWP, i.e. to say, 'I am not receiving care from this person, please do not adjust my benefit entitlement.' This also applies to people acting on the disabled person's behalf. We have seen cases where Age UK advisers have had DWP refuse to speak to them about the invalid CA award because they don't have permission to act for the CA claimant. This is technically true but highlights the need to allow more routes for disabled people and their representatives to flag a lack of care being received.

Again, this is a complex issue, not least because people don't want to report a family or friend for a false CA claim and cause relational harm. However, the current system can leave

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[ii] Or the carer element of Universal Credit.

disabled older people financially exposed through no fault of their own. A combination of the following may improve the situation:

- Amending guidance so that the DWP does not have to immediately remove the disabled person's severe disability addition while investigation occurs.
- Ensuring investigations into CA claims and their impact on a severe disability addition are completed quickly.
- Making clearer to the disabled person what has happened and the specific reason, i.e. person X claims to be providing care for you.
- Enabling the disabled person to tell the DWP they are not receiving care and so should not have their benefit entitlement adjusted.
- Disregarding PC overpayments to the disabled person. (We note that overpayments related to 'element/premiums' are equal to only ~0.4% of total PC expenditure, and much lower than for other reasons.[9])

We understand that the current system – removing the severe disability addition during investigation – helps minimise any overpayment that may be found due to a correct CA claim. But the balance is currently wrong; it is more important for to prioritise safeguarding for the disabled person by maintaining the severe disability addition during investigation so they can continue to meet their needs. Conducting investigations quickly and improving communication with the disabled person who can verify if care has been provided will help mitigate the risk of overpayments building up.

Lastly, there is an urgent need to mitigate the poverty among carers approaching SPa that will be caused or intensified by the rise in the SPa to 67. We have explained this issue in detail in our submission to the Work and Pensions Committee;[10] indeed, the committee's inquiry report recognises this risk and calls on the Government to provide extra financial support for carers unable to work up to SPa:

> *there is a clear justification for providing additional social security support for those unable to keep working in the years approaching [SPa]… People who are unable to keep working, often due to ill-health, disability or **caring responsibilities**, will have to wait another year for their State Pension. For many, this will be a year of hardship, on inadequate working age benefits, potentially depleting savings they were relying on to support them in retirement.*[11] [emphasis added]

Our recommendation is that everyone within three years of their SPa who is realistically unable to move into appropriate work again due to illness, disability or caring responsibilities should have access to greater financial support through the social security system. This additional financial support would be restricted to people claiming certain disability, incapacity and/or carer benefits. In terms of carers, this could be delivered through an age-based supplement to CA, although there is also a case to deliver it through the Universal Credit (UC) carer element. Age UK will develop more detailed recommendations in the coming months but we encourage the Department to consider the case for this additional support and options for how to deliver it.

Relatedly, there is an argument that there should be a work allowance in UC for carers. That would further incentivise work for carers, bringing greater returns where they can juggle work and care and helping them better cope with the financial demands of caregiving. It would likely be for people receiving the UC carer element rather than CA but is something the Department should consider in this review. We acknowledge that most people receiving the UC carer element already have access to a work allowance through also receiving the child element. That should limit the cost of extending work allowances, and ultimately carers shouldn't need the child element to access a work allowance.

There are a couple of further issues, not specific to pensioners, that we want to draw attention to briefly.

Firstly, the DWP should look at Carer's Credits, specifically the lack of awareness of them among people eligible. These are important for helping carers build their State Pension entitlement. The DWP should investigate the particular risk of carers losing CA eligibility on earnings grounds, thereby losing access to Class 1 NICs, but continuing to provide significant levels of care while being unaware of Carer's Credits. As result they miss out on Class 3 NICs. It's possible that person could access NICs through their employment instead but this would need further investigation.

Secondly, we believe that the eight-week run-on of CA following bereavement should be increased to 12 weeks. This would provide additional financial stability while carers adjust to significant changes in their circumstances.

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[1] Carers UK (2025) Key facts and figures | Carers UK
[2] Age UK analysis of Stat-Xplore, August 2026
[3] Author's calculations, data provided by Carers UK (2025) https://www.carersuk.org/media/ojupddol/facts-about-carers-october-2025.docx
[4] Author's calculations of Census 2021 data.
[5] JRF (2026) Social security | Joseph Rowntree Foundation
[6] DWP (2025) Income-related benefits: estimates of take-up: financial year ending 2024 - GOV.UK
[7] Age UK analysis of Family Resource Survey 2022-23, scaled up using Department for Work and Pensions (DWP) Benefit take-up statistics 2022-23
[8] Carers UK (2025) Pension Credit and Carer's Allowance
[9] DWP (2025) DWP Annual Report and Accounts 2024 to 25
[10] UK Parliament (2026) committees.parliament.uk/writtenevidence/160701/pdf/
[11] UK Parliament (2026) Transition to State Pension age - Committees - UK Parliament