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DEBTLINE

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Consultation Response:

DWP PSFA PAFER Act 2025 Recovery Regulations consultation

Response by the Money Advice Trust

Date: April 2026

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Introduction

About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991. Our mission is to help prevent financial difficulty and remove problem debt from people's lives.

In 2025, our National Debtline and Business Debtline advisers provided help to 189,550 people by phone and our digital advice tool, and 53,410 people by webchat, with 2.1 million visits to our advice websites. In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2025 we delivered this free training to 646 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at www.moneyadvicetrust.org.

Public disclosure

Please note that we consent to public disclosure of this response.

Introductory comment

We welcome the opportunity to comment on how the regulations will be designed as this is an important area of enforcement policy development. It is important that the government gets this right from the outset. We also welcome the constructive engagement DWP have had with us so far in developing the proposals.

We have identified some concerns with the proposals which include the following.

- We think there should be more time given for service of notices and documents.
- Whatever electronic messaging methods are used in future, there should always remain alternative methods of communication so that anyone who is digitally excluded can use another way of responding and sharing information.
- We do not think the response times as set out in the paper are fair for the individual affected as there is very little time built in to react or to seek legal or debt advice.
- We would urge the DWP to make sure there are much greater protections in place for power of attorney cases. A person who is subject to a power of attorney is almost certainly vulnerable. We would not like to see the DWP going ahead with recovery in these circumstances at all.

We are concerned that the administrative costs cap is proposed to be set at £10 a transaction. We think this may be too high.

Responses to individual questions

Section One

Consultation questions about how notices and orders are to be given by the Secretary of State for Work and Pensions and the Minister responsible for PSFA

a. Does this regulation intent satisfactorily define the acceptable methods for delivering notices, orders, and related communications? Please explain your answer.

We have not identified any issues with the definition of acceptable methods of delivery.

b. Are there any risks or unintended consequences you foresee with the proposed approach? If so, what are they?

Given the potential consequences of this policy on an individual, there should be requirements in the regulations on both the DWP and banks to ensure that they hold up-to-date address and email details. In addition, there need to be protections in place to ensure that third parties are not included in communications where this can be avoided, e.g. jointly held email addresses, and in joint bank accounts.

c. Do you agree with the policy intent regarding acceptable methods to serve notices and orders? Please explain your answer.

The policy intent for the regulations seems reasonable as set out in the paper.

d. Do you agree with the policy intent regarding when a notice or order is considered to have been 'given' to a bank or an account holder for each of these methods? Please explain your answer

We are concerned that the DWP is allowing too short a time for deeming receipt of a notice or order by first and second-class post.

35. The day deemed as “given” is proposed to be calculated from when the notice or order is sent, rather than when it is actually received, and dependent upon the method of communication used as follows:

- Where notices or orders are sent via first class post, this should be deemed as given to the recipient on the second working day, regardless of when it arrived.
- Where notices or orders are sent via second class post, this should be deemed as given to the recipient on the fifth working day, regardless of when it arrived.

We would like to see a lengthier time period given the unreliability of the postal service, and the potential for delays in delivery. This makes it potentially unfair to assume a service date of two working days for first class post in particular.¹ We would suggest this is extended to at least three working days given the concerning issues with postal service delivery times.

e. Should there be any exceptions or flexibility in these rules for giving notices and orders? If so, what are they?

See above.

f. What are your thoughts on the intention to future proof, so that other means of electronic communication can be used in the future?

This seems a very sensible approach, particularly where other means of communication may be more secure, and reliable and the date of receipt more predictable.

g. Do you consider it necessary for there to be any limits or any additional considerations required before such methods could be introduced?

We would expect stringent due diligence measures to be carried out in relation to the security of any electronic communications method that is considered, to ensure individual privacy and compliance with data protection legislation.

h. Is there anything else you would like to raise regarding this section?

We have nothing further to raise in relation to this section.

¹ House of Commons Library (2026) [Royal Mail performance](#)

Section Two

Consultation questions about how notices and orders are to be given to the Secretary of State for Work and Pensions and the Minister responsible for PSFA

a. Do you believe the regulation policy intent provides appropriate, clear and practical rules for both account holders and banks on how they must give any notices, responses or other information to DWP or PSFA? Please explain your answer.

The paper is relatively clear on what is expected in relation to how notices and orders are to be given for banks. It is less clear for account holders as the proposed regulations give a great deal of discretion for the DWP as to how they design the requirements on individuals to supply information and how they must respond.

b. Are there likely to be any barriers, risks or unintended consequences to a bank with the proposed approach to giving notices or other information to DWP or PSFA? If so, what are they?

We are unable to respond to this question.

c. What are your thoughts on the intention to future proof, so that other means of electronic communication can be used in the future?

This seems a very sensible approach, particularly where other means of communication may be more secure, and reliable and the date of receipt more predictable.

d. Do you consider it necessary for there to be any limits or any additional considerations required before such methods could be introduced?

We would imagine there might be cost concerns for banks having to adopt new methods of communication. For individuals, there will need to be full consideration given to how accessible any future form of communication is for users, and whether the technology is easy to use. It is also potentially problematic if people are not adopting that method of communication more generally.

Most importantly, there should always remain alternative methods of communication so that anyone who is digitally excluded can use another way of responding and sharing information.

e. For banks: Are there any operational challenges anticipated by using secure methods of electronic communication for this purpose? If so, please explain.

We are unable to respond to this question.

f. Are there likely to be any barriers, risks or unintended consequences for account holders in providing notices, representations or other information under the proposed approach? If so, what are they?

We are rather concerned that the proposed approach could be a little too vague and open to interpretation. The paper states:

56. Regulations will allow DWP to specify within notices and orders given to an account holder the particular method (or methods) they must use to provide information to DWP, such as by making representations or seeking a review.

57. The regulations intend to say that DWP may require that representations, requests for review, or variation, need to be presented in a particular way.

This gives a great deal of discretion for the DWP to be very particular in its requirements, to the extent that it could be potentially designed to be very easy for an individual to comply. Alternatively, the design could be complex and demanding and make it tricky to comply for individuals to ensure they send requests and information to the DWP in the designated format or method.

This possibility could result in a different approach depending upon the future inclination of the department.

g. DWP and PSFA do not intend to state in regulations the method account holders should use to make representations, provide evidence or request reviews, but rather leave it to the Department to determine this operationally and set this out in relevant notifications. Do you feel this approach provides flexibility for DWP or PSFA to support future accessibility needs or would confirmation of the communication methods in regulations provide better clarity for the account holder? Please explain your answer.

Whilst we appreciate that the intention is to support future accessibility needs, it would be preferable to set out the communication methods for account holders within the regulations, for the reasons set out above.

h. Is there anything else you would like to raise regarding this section?

We do not have any further comments to make regarding this section.

Section Three

Consultation questions about the duties of banks in relation to direct deduction orders, including before a direct deduction order is made

a. Do you think the regulation intent sets out deliverable and fair response times for providing information in response to General Information Notices, Account Information Notices and Further Information Notices? Please explain your answer.

We do not think the response times as set out in the paper are fair for the individual affected as there is very little time built in to react or to seek legal or debt advice once the process has begun. Whilst we appreciate that there are different and longer timescales for individuals to respond to the initial order, once the process is underway, there is less time between stages to ask for a pause or variation. Given that the regulations are in relation to enforcement measures, there needs to be sufficient times built in for people to react, so that the most vulnerable are not unfairly impacted.

We cannot comment on whether the response times are deliverable for the bank, but they do appear to be quite demanding.

b. Do you think the regulation intent sets out deliverable and fair response times for banks when complying with Direct Deduction Orders? Please explain your answer.

The intention appears to be for the bank to respond to the DWP within 10 working days of the notice being given. We cannot comment on whether this is a deliverable response time for banks to comply. However, we would suggest that this seems like quite a tight turnaround time for compliance with the order, and may not be easily achievable.

c. Do you think the regulation intent sets out reasonable and fair response times for when the bank must tell DWP or PSFA in writing when they are unable to comply with duties? Please explain your answer.

Again, this is a matter for banks to comment upon, but it is a very short timescale for banks to obtain the details they need in order to confirm to the DWP that they cannot comply with the order. Presumably, it would be more complicated for a bank to establish any legal or other reasons why they cannot comply with an order, and put together a response.

We note that the paper sets out when a bank might apply for an extension.

96. Where a bank considers it cannot reasonably meet an obligation under a particular notice or order within the time required under these regulations, it may request an extension. Notice must be given as soon as practicable and should clearly set out the reason the bank is unable to comply in time. In these circumstances, DWP may grant an extension where it considers it reasonable in the circumstances to do so.

We would only note that if the timescales were a little more generous, then there might not be the need for as many interactions back and forth between the bank and the DWP. This might reduce the resulting complexity and potential for error.

d. Do you think the regulation intent sets out reasonable and fair response times for banks informing DWP or PSFA of a Power of Attorney or deputy? Please explain your answer.

We can see that the timescale proposed for the bank to inform the DWP of a power of attorney being in place is 10 working days, in a similar timescale as the other requirements.

Whilst it might not take a great deal of time for the bank to pass the details on, it is not clear to us what will happen once the bank discloses the name and address of a power of attorney to the DWP about an individual's bank account. There will presumably be a complicated situation where a third party is acting for an account-holder who does not have capacity. It is vital that the DWP has further processes in place to deal with these situations fairly.

The paper states:

103. Access to this information is essential, to enable DWP to issue notices, seek information, or implement deductions in a manner that is both legally compliant and protective of those who may be vulnerable. It ensures that notices and orders are directed to the person authorised to act on the account holder's behalf.

We would urge the DWP to make sure there are much greater protections in place in these circumstances. A person who is subject to a power of attorney is almost certainly vulnerable, not “*who may be vulnerable*” by definition. We would not like to see the DWP going ahead with recovery in these circumstances at all.

e. Do you think the regulation intent is reasonable and fair for what the bank should do if it would otherwise be required to take two weekly deductions on the same day due to there being insufficient funds at the time of the first deduction (as per paragraph 91)? Please explain your answer.

The paper states in relation to weekly deductions:

92. Where an RDDO requires the bank to make weekly deductions, the regulations will clarify that where two deductions would have been taken on the same day, due to the first deduction having failed due to insufficient funds and needing to be repeated (as per paragraph 91), the bank must not make the second of the deductions and instead resume the RDDO order as usual thereafter.

It seems both fair and reasonable that there should not be an attempt to take two deductions out of the account on the same day. This could cause a great deal of hardship for the individual affected, and could easily lead to missed bill payments, and lack of basic money for food.

f. The regulations set timeframes for banks to ringfence funds, make deductions, respond to notices, or transfer payments. Do you think these timeframes strike the right balance between efficient debt recovery and ensuring account holders have adequate protection and opportunity to seek advice? Please explain your answer.

The timeframes set out in the paper appear to be set at 10 working days in most cases for banks to carry out the required actions. Whilst we appreciate that there are different and longer timescales for individuals to respond to the order, once the process is underway, there is less time between stages to ask for a pause or variation. This means that there is little time for an individual to seek advice once they become aware of the action being taken.

As you will be aware, there are many debt advice services that do not have the capacity to see everyone who needs help within that timescale.² In other sectors, such as in relation to notices for council tax collections, enforcement action, and consumer credit, we have argued that 28 days' notice is more suitable and even then, it is not always a sufficient length of time for people to get debt advice due to resource issues and demand in the sector.

g. For banks: Where banks are required to provide bank statements, how operationally feasible would it be for your organisation to provide statements covering a period of at least three full calendar months (beginning on the date the notice was given), and what challenges, if any, would this present? h. For banks: Do you anticipate any operational issues with proposals regarding how payments must be made? Please explain your answer.

We are unable to respond to this question.

i. For banks: What other means of making payments in addition to automated credit transfer, do you deem appropriate/practical? Please explain your answer.

We are unable to respond to this question.

j. DWP and PSFA are considering regulating for banks to advise of any other similar orders active or pending on an account when sending a response to an account information notice. This is to allow DWP or PSFA to consider the impact of any other government, court, or similar orders on accounts when determining the appropriate action. Do you consider this would be feasible, appropriate and/or necessary? Please explain your answer.

We would have thought it is vital to know this information in order for the process to continue. It seems necessary for banks to report similar orders to the DWP. We cannot comment on how feasible this is for banks to comply with in practice.

² Money & Pensions Service (2026) [MoneyView](#)

k. Is there anything else you would like to raise regarding this section?

We do not have any further comments to make regarding this section.

Section Four

Consultation questions about costs which a bank may recover

a. In your view, does the regulation intent strike an appropriate balance between compensating banks for reasonable administrative costs of complying with a direct deduction order, and protecting individuals from excessive or unfair costs? Please explain your answer.

We definitely support the requirement to protect individuals from excessive and unfair costs. It also appears reasonable for banks to be compensated for their reasonable administrative costs.

However, we are surprised that the proposed costs should be as high as £10 a transaction. We are concerned that this is too high an amount, and would want to see the reasoning behind this figure to be sure that it is justified.

b. Are there any risks or unintended consequences you foresee with allowing these costs to be recovered? Please explain your answer.

As far as we can see, the regulations will allow the bank to recover up to £10 for each deduction with a monthly cap. If this is the case, then if there is one deduction per month the cost will be £10 as compared to weekly deductions where the cost will be £40.

We do not understand why weekly deductions should cost people more than monthly deductions. It does not appear to be a fair approach if this is the intention.

A higher charge will presumably mean that it takes longer for the individual to repay the amount they owe to government. It risks prolonging the resulting hardship for that person and their family.

c. The regulations are intended to cap the amount of a deduction for reasonable costs to £10 per deduction for RDDOs (not exceeding a total of £40 per calendar month) and not exceeding £55 for LSDDOs. Do you agree that these caps are reasonable, fair and appropriate, and is it appropriate to attempt to align with caps used in similar measures elsewhere in government? Please explain your answer.

As we have said, we are surprised that the proposed costs should be as high as £10 a transaction. We are concerned that this is too high an amount, and would want to see the reasoning behind this figure to be sure that it is justified.

Whilst we can see that it is reasonable to try to align the cap with other measures of a similar type, this does not automatically mean that the current amount used is appropriate.

d. Letters, notices and orders issued to account holders will explain that such costs may be recovered from the liable person to ensure transparency. Are there additional ways these costs should be communicated to account holders? Please explain your answer.

The paper states:

112. Whilst this will not be set out in regulations, the account holder will be notified by DWP that costs may be deducted by their bank for DDO.

If the intention is for the account holder to be notified of the costs that can be deducted, we do not understand why this requirement will not be set out in regulations.

e. Is there anything else you would like to raise regarding this section?

We do not have any further comments to make regarding this section.

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