

In-house Report 150

Customer Experience of Direct Payment

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First Published 2004

ISBN 1 84388 344 9

ISSN 1 368 244X

Customer Experience of Direct Payment

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**A report of research carried out by
IFF Research Ltd on behalf of the
Department for Work and Pensions**

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Executive Summary

Introduction

Increasing use of Direct Payment (payment of pension and benefits into an account) forms a key part of the Government's Modernisation Agenda. At the end of May 2004, 67 per cent of customers received their benefit by Direct Payment, and there is a government target that by 2005, 85 per cent of customers will be paid by this method, phasing out the order book system currently in use.

IFF Research was commissioned by the Department for Work and Pensions (DWP) to undertake research among people who had recently started receiving their benefit or pension by Direct Payment to examine their overall views of the system and their experiences of Direct Payment to date.

A total of 1510 telephone interviews were conducted amongst three client groups who had recently started receiving their benefit entitlement in this way (those receiving benefits paid to pensioners, to individuals of working age and those administered by the Disability and Carers Directorate).

Sample for the survey was drawn from the DWP records of individuals who had started to receive their benefits by Direct Payment between March and April 2004.

The research examined satisfaction with the service provided in terms of:

- What customers perceive to be the main benefits and drawbacks of Direct Payment
- The usefulness of the information that they received about Direct Payment
- The type of account customers hold and whether they had difficulties setting up or accessing it
- Whether they are receiving the correct payments at the correct time
- Any problems encountered and how these might be addressed

Satisfaction with Direct Payment

Satisfaction levels with the process of setting up an account for Direct Payment and receiving payments into that account are high. At an overall level, 91 per cent of customers stated that they were satisfied with the process of making the arrangements to receive their payment by Direct Payment (with 65 per cent stating that they were very satisfied). Similarly 93 per cent were satisfied with the process of having payments made into their account (and 64 per cent were very satisfied).

Only a small proportion had experienced problems since they had started receiving their benefit by Direct Payment. A total of 8 per cent said they had experienced occasions where they had not received payments on the right date (slightly higher among working age customers) and 3 per cent said they had received a payment for the incorrect amount. A further 2 per cent had experienced 'other' problems. In around half of cases, these problems had only been experienced once.

Of customers who had converted from the system of receiving their benefits through the order book or girocheque system, a quarter (28 per cent) felt that Direct Payment was no different to the former system with 58 per cent stating that it was better. However, thirteen per cent felt that it was worse.

Views of Direct Payment

When asked for the main advantages of the Direct Payment system, the key factors mentioned by customers were that it was a more convenient method of payment (29 per cent), that it meant that there was no need to visit the Post Office and that it meant that it was not necessary to withdraw all of their benefit payment at once (both 12 per cent). One in ten stated that they felt Direct Payment was more secure and a similar number felt that the fact that it was not necessary to queue to receive their benefit payments was an advantage.

Twelve per cent of customers stated they felt there were no particular advantages of the Direct Payment system because it was no different and a further 8 per cent were unsure of the advantages.

By comparison, when customers were asked to list the disadvantages of the Direct Payment system, three-quarters of all customers felt that there were no disadvantages to receiving their benefit by Direct Payment (75 per cent). The disadvantages that were given were mentioned only by a small number of customers each. Hence, on balance, reactions appear to have been largely positive with customers far more likely to cite advantages of the system than disadvantages.

The most commonly mentioned drawbacks included that it was harder to keep track of whether a payment had been made (5 per cent), it was inconvenient to access payments (4 per cent) and that it made it harder to keep track of finances in general e.g. because they had to wait for a statement to see how much money they had available (2 per cent).

Customers were also asked directly about the extent to which they agreed with a series of statements about Direct Payment. The statements that were read out were;

- *Direct Payment is a more convenient way of receiving benefits than order books or giro cheques;*
- *Being able to withdraw my benefit payments in smaller amounts – rather than in one go – because of the direct payment system is something that I find very useful;*
- *Direct payment is a more secure way of receiving benefit than order books or giro cheques.*

The majority of customers (80 per cent or more) agreed with each of the statements, with two-thirds agreeing strongly that Direct Payment is a more convenient way of receiving their benefits, two-thirds agreeing strongly that being able to withdraw their benefit in smaller amounts was useful (67 per cent for both) and three-quarters (76 per cent) agreeing strongly that Direct Payment is a more secure way of receiving benefit payments.

There were small but significant differences in strength of agreement across the three client groups with pensioners slightly less likely to agree with all three statements than customers in the working age or disabled client groups, particularly with regards to the first statement about the convenience of Direct Payment.

Sources of information about Direct Payment

Half of customers stated that their main source of information about Direct Payment had been a personal letter from DWP (56 per cent). A further 12 per cent had heard about Direct Payment primarily from elsewhere within the DWP e.g. through The Pension Service or JobCentre Plus. A fifth had seen a television advertisement about Direct Payment but this had formed the key information source for only 5 per cent. One in six had received information about Direct Payment through the Post Office but this had only been a 'main source' for 7 per cent.

Nearly all customers found the information that they had received to be at least fairly clear (93 per cent) with two thirds considering it to be very clear (66 per cent).

Setting up and using accounts

A third of customers had set up an account specifically for the purpose of receiving benefits by Direct Payment. The remainder used an existing bank or building society account.

In total, two-thirds of customers have their benefit paid into a bank account, while 24 per cent use a Post Office card account. The remainder use an account held at a building society (10 per cent),

Eight in ten customers who had opened an account specially to receive benefits by Direct Payment stated that they found the process of opening an account to be easy (82 per cent) with half stating that it was very easy (49 per cent).

Only 8 per cent of customers who had opened an account specifically for the purposes of Direct Payment had encountered any difficulties in accessing their account or withdrawing money from it. Those who were using a Post Office card account were slightly more likely to have experienced difficulties than those using a bank or building society account.

Suggested improvements

Only 12 per cent of all customers felt that the Direct Payment system needed any improvement.

The most commonly mentioned improvements were a confirmation of payment (suggested by 15 per cent of those who would like to see improvements), a general speeding up the process, clarification of dates of payment, and regular statements (all mentioned by 12 per cent each) and more choices as to how, when and where benefits are paid (8 per cent).

Conclusions

The key conclusions that it is possible to draw from the study are that:

- Customers are generally satisfied with their experiences of Direct Payment;
- Those who have converted from the order book or girocheque system are considerably more likely to feel that Direct Payment is an improved system rather than a deterioration in service;
- Customers generally perceive Direct Payment to be a more convenient means of receiving their benefit and also view it as more secure. Furthermore, they generally value the ability to withdraw their benefit in smaller amounts rather than all in one go;
- A number of customers have set up an account specifically for the purposes of receiving Direct Payment but only a small number of these have encountered problems with this process. Problems are slightly more prevalent among those who have chosen to use a Post Office card account;
- Small but not insignificant minorities said they have encountered problems with receiving payments late. Problems with receiving payments for an incorrect amount are less common.

1: INTRODUCTION

1.1 Background

Direct Payment involves the payment of pension and benefit payments directly into an account held either at a bank / building society or at the Post Office. The initiative forms a key part of the Government's Modernisation Agenda for public services. Although it has been possible to receive benefits by Direct Payment since the 1980s, the majority of customers have received payment through the order book system. In May 1999, the Government announced that it would be making Direct Payment the normal method of payment of benefits from April 2003. Direct Payment is seen to offer advantages in terms of:

- Giving people more choice over when, where and how they collect their pensions and benefits;
- Reducing administrative costs and contributing to a reduction in fraud;
- Increasing financial inclusion by encouraging everyone to open a bank account (allowing more people the opportunity to make savings through the payment of bills by direct debit and playing a role for jobseekers in demonstrating to employers that they are job-ready) .

Efforts are made to ensure that as many new benefit claimants as possible are set up for Direct Payment from the outset. Since April 2003, a programme has also been in place to convert those currently receiving benefits through the order book system to Direct Payment.

These efforts have meant that as of the end of May 2004, 67 per cent of customers currently receive their benefit by Direct Payment and it is expected that the Government target of 85 per cent by 2005 will be exceeded. With substantial numbers now a part of the Direct Payment programme, the Department for Work and Pensions (DWP) is keen to assess customer experiences and views on the operation of the system and whether improvements are required.

IFF Research was commissioned to conduct a telephone survey among a sample of Direct Payment customers including both new customers and those who had converted to the Direct Payment system from order books or girocheques.

1.2 Objectives

The overall objectives of the research were to examine customers' experiences and views of the process of setting up and using Direct Payment.

More specifically the research examined:

- Satisfaction with the service obtained in terms of:
 - What customers perceive to be the main benefits and drawbacks of Direct Payment
 - The usefulness of the information that they received about Direct Payment
 - The type of account customers hold and whether they had difficulties setting it up or accessing the monies in it
 - Whether they are receiving the correct payments at the correct time
 - Any problems encountered and how these might be addressed
- How views of the new service vary by key demographic characteristics

1.3 Methodology

1510 telephone interviews were conducted with individuals who had recently started receiving their benefit entitlements by Direct Payment. Interviews were split evenly between three 'benefit groups'; those receiving benefits for pensioners, those receiving 'working age' benefits and those receiving benefits administered through the Disability & Carers Directorate (DCD). These groups were defined as those receiving the following benefits:

- Pensioners (State pensions, Pension Credit, Attendance Allowance)
- Working Age (Jobseekers Allowance, Incapacity Benefit, Income Support)
- Disability and Carer Directorate (Disability Living Allowance, Carers Allowance)¹

Sample for the survey was drawn from the DWP records of individuals who had started to receive their benefits by Direct Payment between March and April 2004². This period was chosen to ensure that respondents had reasonably recent experience of the set-up process for Direct Payment but also to try to ensure that customers had received their benefit by Direct Payment for at least 2 months prior to being approached for the research. Within each benefit group, sample was drawn in proportion to the customer profile by age, gender and benefit received.

Direct Payment customers were sent a letter prior to the research providing them with the opportunity to opt out and only those customers who did not opt out were contacted for the research.

The introduction to the survey included screening questions to confirm that;

- The individual was receiving the benefit for which they had been sampled by Direct Payment
- That they had received more than one payment by Direct Payment
- That they were 'normally responsible for dealing with and withdrawing' their benefit.

The last check was included because the questionnaire asks a number of questions about the process of receiving benefits by Direct Payment that those who have no or limited involvement in dealing with the administration around receiving their entitlement (for example, because a representative such as a family member or friend does this on their behalf) would find difficult to answer. A decision was made not to include representatives in the research. However, if the first named respondent stated that they did not normally withdraw their entitlement, then the interviewer checked whether or not the claim was made jointly with someone else – and if so attempted to transfer and interview the joint claimant (provided that they were normally responsible for dealing with and withdrawing the benefit).

In addition to quotas by client group and to ensure a reasonable spread of interviews, approximate quotas were also set by type of customer (convert and new claimant), benefit type (pensioner, working age or disabled), and gender. For pensioners only, quotas were also set by age (under 74 and 75 and over). The profile of achieved interviews is detailed in Table 1.1:

¹ Note that it is possible for individual customers to be receiving benefits from more than one of these groups.

² For DCD customers, this sample was supplemented with sample from an earlier period as it transpired that some customers had been registered for Direct Payment but were not due to actually receive their payments in this way until their current order book ran out.

Table 1.1 Profile of achieved interviews

	Total number of achieved interviews
Type of customer	
Convert	1083
New Claimant	424
Benefit group	
Pensioners	500
Working Age	501
DCD	509
Gender	
Female	825
Male	685
Age (of pensioner)	
<74	345
75 and over	153

Results were weighted according to population data provided by DWP for the number of individuals who had started to receive their benefit by Direct Payment over the specified period, generating a profile of Direct Payment customers as shown in the table below (Tables 1.2 and 1.3).

Table 1.2 Customer profile by benefit group

	Total %
Pensioner	50
Working age	39
DCD	11
Base (weighted)	1510
Sample base (unweighted)	1510

Table 1.3 Customer Profile by age and gender

	Total %	Pensioners %	Working age %	DCD %
Gender				
Female	53	61	43	52
Male	47	39	57	48
Age (pensioners)				
Under 74	32	64	-	-
Over 75	18	36	-	-
Age of customer				
Under 30	9	-	18	20
30-64	25	-	60	14
Over 65	66	99	22	67
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

Fieldwork was conducted between 22nd June and 13th July from IFF's CATI (Computer Assisted Telephone Interviewing) unit. Interviews lasted an average of 15 minutes.

1.4 Report structure

The remainder of this report summarises the main findings and conclusions which can be drawn from the study. It is structured as follows:

Chapter 2 summarises the characteristics and demographics of customers who have recently started receiving their benefit by Direct Payment.

Chapter 3 looks at the processes around setting up and accessing accounts. This chapter covers the frequency with which the benefit is received, details of the account the benefit is paid into, and whether any problems have been encountered with the set-up process.

Chapter 4 looks at sources of information about Direct Payment and overall views of the system.

Chapter 5 looks at satisfaction with Direct Payment including satisfaction with the set up process, the process of receiving payments, problems encountered, possible improvements and comparison with the order book / giro cheque system.

Chapter 6 briefly pulls together some conclusions from the study.

The technical appendix providing further details about the survey methodology can be found at the end of the report.

The findings in this report are presented on weighted data. In some tables, percentages may over-add or under-add due to rounding.

2. CHARACTERISTICS AND DEMOGRAPHICS OF DIRECT PAYMENT CUSTOMERS

This chapter examines the profile of customers who started receiving their benefit by Direct Payment in the early part of 2004. It looks first at the proportion of customers who converted to Direct Payment from the order book system and the proportion who were newly claiming and whether or not customers have other benefits that they receive by Direct Payment. It then goes on to look at the profile of customers by other demographic information – marital status, urbanity, income, housing tenure and disability. Many of these variables are used for sub-group analysis in later sections of the report.

2.1 Whether new claimant or convert

Two-thirds of customers who had recently agreed to be paid by Direct Payment had converted from using an order book or giro cheque (69 per cent), and 30 per cent were new claimants (Table 2.1). The proportion of customers in the DCD group who were new claimants was slightly lower than for the other two benefit groups (19 per cent).

Table 2.1 Whether new claimant or convert

	Total %	Pensioners %	Working Age %	DCD %
Convert	69	68	68	80
New claimant	30	31	32	19
Base(weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures may over add or under add due to rounding

2.2 Method of payment of other benefits

Three-fifths of all those who had recently started to received their benefit by Direct Payment received more than one benefit. This proportion varied considerably by benefit group from 42 per cent of Working Age customers to 64 per cent of pensioners and 83 per cent of DCD customers. Of those who had converted from another means of payment, 65% received at least one other benefit compared with 48% of new claimants.

Of those who received more than one benefit, three-quarters received all their benefits by Direct Payment, and 10 per cent received some through Direct Payment and some through the order book/giro cheque system. Only 11 per cent received all of their other benefit payments through the order book / giro cheque system (i.e. they received only one benefit by Direct Payment).

Those DCD customers who receive more than one benefit are more likely to be using a mix of Direct Payment and the order book system than those in other benefit groups (19 per cent).

Table 2.2 Method of payment of other benefits

	Total %	Pensioners %	Working age %	DCD %
All through Direct Payment	78	78	82	69
Some through Direct Payment and some through the order book/giro cheque system	10	8	8	19
All of these payments through the order book/giro cheque system	11	12	9	12
Base (weighted)	869	487	244	138
Sample base (unweighted)	913	309	197	407

NB: Figures may over add or under add due to rounding

2.3 Marital status of customers

Four in ten customers surveyed were married (41 per cent), and a quarter were widowed or single (24 per cent and 23 per cent respectively). As might be expected, those who were widowed were more likely to be in the pensioner client group and female (56 per cent were female pensioners). They were also more likely to be older pensioners (57 per cent were over 75 years old compared with 32 per cent of those under 74 years). Working age respondents were more likely to be single than those in other benefit groups.

Table 2.3 Marital status of customer by client group

	Total %	Pensioners %	Working age %	DCD %
Married	41	48	29	48
Widowed	24	41	3	18
Single	23	5	47	22
Divorced	6	4	9	6
Living as married	4	1	9	4
Separated	2	-	4	2
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures may over add or under add due to rounding

2.4 Urbanity

Customers were asked to ascribe the area in which they lived to one of the categories in Table 2.4 to obtain a measure of the urbanity of their home location. Just over a quarter of those who had recently started to receive their benefit by Direct Payment lived in a village or more rural area, just under a third lived in a small town and two-fifths lived in a large town or city. The proportion of working age customers who lived in a large town or city was slightly higher than for the other benefit groups and the proportion of DCD customers who lived in a village or more rural area was considerably higher than for the other two groups (33 per cent).

Table 2.4 Urbanity

	Total %	Pensioners %	Working age %	DCD %
A rural area with few isolated residences	6	3	4	8
A village or hamlet	21	17	14	25
A small town	30	35	30	30
A large town	20	21	25	18
A city	21	23	26	19
Refused	1	-	-	1
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures may over add or under add due to rounding

2.5 Housing tenure

Customers were also asked about their housing tenure. Half of all customers (48 per cent) lived in a property that they owned (either outright or through a mortgage) , whilst one-third lived in social housing (this includes properties rented from the local authority or council or a housing association or similar). One in ten lived in a property owned by a friend or relative and only 6 per cent rented from a private landlord..

Customers in the pensioner client group were more likely than those in other groups to own their own property (56 per cent). DCD and working age claimants were more likely than pensioners to rent their property from the local authority or council. Working age customers were also more likely to be living with friends or relatives.

Table 2.5 Housing tenure

	Total %	Pensioner %	Working age %	DCD %
Owner-occupied (either owned outright or being purchased on a mortgage)	48	63	30	40
Social housing - TOTAL	33	25	38	44
<i>Rented from the local authority or council</i>	23	18	26	32
<i>Rented from a housing association or co-operative of a charitable trust</i>	10	7	12	12
Owned by a friend or relative (either outright or on a mortgage)	10	6	16	9
Rented from a private landlord	6	2	13	3
Other	2	2	3	3
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures may over add or under add due to the rounding of figures

2.6 Illness and disabilities

Half of those who had recently started to receive their benefits by Direct Payment had a long standing illness, disability or infirmity (51 per cent). As would be expected, this proportion was considerably higher among the DCD benefit group (73 per cent) than among either the pensioner or working age groups. The fact that the proportion of customers who had converted from the order book/giro cheque system were more likely to have a long-standing illness or disability (56 per cent of converts compared to 39 per cent of new claimants) is accounted for – in part – by the fact that a higher proportion of the DCD benefit group are converts. Older pensioners were more likely to have a long standing illness or disability (52 per cent of pensioners aged over 75 compared with 39 per cent of pensioners aged under 74).

Table 2.6 Customers with long standing illnesses, disabilities or infirmities

	Total %	Pensioner %	Working age %	DCD %
Yes	51	44	53	73
No	49	56	46	26
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures may over add or under add due to rounding

Of those who had a long standing illness, disability or infirmity, the majority stated that their health problems substantially limited their ability to carry out day-to-day activities (85 per cent). This equates to 43 per cent of all customers who have recently converted to Direct Payment.

Table 2.7 Whether disability limits their ability to carry out day-to-day activities

	Total %	Pensioner %	Working age %	DCD %
Yes	85	77	90	95
No	15	23	10	5
Base (weighted)	766	333	312	121
Sample base (unweighted)	752	211	231	310

NB: Figures may over add or under add due to rounding

2.7 Household Income

Customers were asked to provide an estimate of their household income. The majority of customers had an income of under £20,000 per year (£384 per week). One in six had an income of under £5,000 per year (£104 per week) with the proportion of working age customers with an income at this level slightly higher than in the other two benefit groups. It is worth bearing in mind that a high proportion of customers were unable or unwilling to answer this question (23 per cent).

Table 2.8 Weekly household income

	Total %	Pensioners %	Working Age %	DCD %
Up to £104 a week	15	11	20	12
£105 - £192 a week	41	47	35	36
£193 - £384 a week	17	16	16	21
£385 - £577 a week	3	2	5	2
£578 - £769 a week	1	1	2	-
£770 - £961 a week	-	-	-	1
£962 or more week	1	1	1	1
Refused	7	9	4	6
Don't Know	16	13	18	20
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures may over add or under add due to rounding

3. SETTING UP AND USING ACCOUNTS

This chapter discusses customer experiences of using the accounts into which their Direct Payment is made. We first of all look at the frequency with which customers receive their benefit and then go on to look at the types of accounts that they are using, their experience of setting up their account, the ways in which they withdraw their benefits and any problems that they have experienced in using their account.

3.1 How regularly benefit payment is received

The majority of customers who have recently started having their benefit paid into their account by Direct Payment receive their benefit weekly (53 per cent). One third stated they receive their benefit fortnightly (29 per cent), and one fifth said they receive it monthly (18 per cent).

Table 3.1 How regularly benefit payment is received

	Total %	Pensioners %	Working Age %	DCD %
Weekly	53	76	28	32
Fortnightly	29	2	70	5
Monthly	18	20	2	61
Do not know	1	2	-	2
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures may over add or under add due to rounding

3.2 Type of account held for payment of benefit

Two-thirds of those who had recently started receiving their benefit by Direct Payment were having their benefit paid into an account held at a bank (66 per cent) and one in ten were using an account held at a building society. A quarter had chosen to use a Post Office card account (24 per cent) for benefit payments. The proportion of DCD claimants using a Post Office card account was slightly higher than average (31 per cent).

Table 3.2 Type of account held

	Total %	Pensioners %	Working Age %	DCD %
Bank account	66	65	69	58
Post Office card account	24	25	21	31
Building society account	10	10	10	11
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures may over add or under add due to the rounding of figures

Customers who had converted to Direct Payment were considerably more likely to have opted to use a Post Office card account than new claimants who had been set up for Direct Payment straightaway. A third of converts (33 per cent) were using a Post Office card account compared to only 3 per cent of new claimants. The higher proportion of converts among DCD customers compared with other groups explains in part the overall higher proportion of DCD customers using a Post Office card account.

Customers with higher household incomes are less likely to be using Post Office card accounts. Only 13 per cent of those with an income in excess of £20,000 per year had their benefit paid into a Post Office account compared with 27 per cent of those with an income below this level.

3.3 Whether account was set up specially to receive benefit by Direct Payment

A third of customers who had recently started to receive their benefit by Direct Payment (33 per cent) set up an account specifically for the purpose of receiving either the benefit that they were interviewed about or one of their other benefit entitlements. The remainder (67 per cent) used an existing bank or building society account. New claimants were considerably more likely to use an existing account than those who had converted from the order book / giro cheque system (88 per cent compared with 57 per cent of converts). Those using a Post Office card account were far more likely to have set up their account specifically for the purpose of receiving benefit payments (92 per cent). Those using a building society account were also more likely to have set up their account for the purpose of receiving benefits by Direct Payment than those using a bank account (25 per cent compared with 13 per cent).

3.4 Ease of opening and using account

Those customers who had opened an account specifically to enable them to receive benefits by Direct Payment (either the benefit that they were interviewed particularly about or another benefit) were asked about their experiences of setting up the account and whether or not they had encountered any difficulties in using it (those who were having their benefit paid into a pre-existing bank or building society account were not asked these questions).

Eight in ten customers who opened an account specially to receive benefits by Direct Payment stated that they found the process of opening an account to be easy (82 per cent), with half stating it was very easy (49 per cent). Customers in the pensioner group were slightly less likely to state that they found the process easy (79 per cent) with older pensioners (those aged over 75) particularly likely to state that the process was not very easy or not at all easy (19 per cent compared with 11 per cent of those aged 74 or under).

Table 3.3 Ease with which opened account

	Total %	Pensioners %	Working Age %	DCD %
Very easy	49	52	46	50
Quite easy	33	28	38	38
Not very easy	7	6	8	5
Not at all easy	4	7	1	3
Someone else set up account	3	3	4	3
EASY	82	79	83	88
HARD	11	13	9	8
Do not know	4	4	4	1
Base (weighted)	497	249	185	62
Sample base (unweighted)	510	167	153	190

NB: Figures may over add or under add due to rounding

There were some slight differences in the ease with which customers were able to open an account by the type of account opened. While the majority of customers who opened a Post Office card account found the process easy (81 per cent with 45 per cent stating that it was very easy), these customers were more likely to state that they found the process 'not very easy' or 'not at all easy' than those who opened a bank or building society account (15 per cent felt it found it hard versus 3 per cent of those opening a bank or building society account).

Also, customers living in more rural areas were more likely to have experienced difficulty in setting up their account. Of those living either in a village or a more rural area, 14 per cent found the process of setting up an account 'not very' or 'not at all' easy compared with 12 per cent of those living in a small town and 9 per cent of those living in a large town or city. It is also the case that those living in more rural areas were more likely to have had someone else set up the account for them (6% of those living in a village and 13% of those living in a more rural area compared with 3% of those living in a small town and 1% of those living in a large town or city).

The main reasons given for difficulties in setting up an account, on an unprompted basis, were that there were too many forms to fill in (28 per cent), that the process took too long or was too long winded (27 per cent) or that customers had difficulty understanding some details (21 per cent). Small numbers of customers also stated that errors were made in setting up their account, that they did not have the correct documentation to set up an account, staff were not knowledgeable enough about the process of getting benefits paid into an account or that they were not able to open the type of account that they wanted. However, it is worth bearing in mind that the overall number of customers experiencing problems was small (48 respondents) and these findings should be treated as indicative only.

In addition to the ease with which they were able to set up the account, customers were also asked about whether or not they had experienced any difficulties in accessing their account or in withdrawing money from it. Only 8 per cent of customers who had opened an account specially for the purposes of Direct Payment stated that they had encountered any difficulties in these areas.

Customers who were using a Post Office card account were slightly more likely to have experienced difficulties in accessing their account or withdrawing money than those using either bank or building society accounts (10 per cent compared with 3 per cent of bank/building society users).

Difficulties experienced by customers included that the money was not in the account at the expected time, that they had problems using a cash machine, that they had problems with their withdrawal card and that they found it hard to remember their PIN number.

Of the small number of customers who had experienced problems, the majority stated that these had in fact only proved to be an issue when they first started using their account. Only a fifth of those who had experienced problems (22 per cent) were still having difficulties at the time of interview. Hence of all the customers who had set up an account specifically for the purpose of receiving their benefit by Direct Payment, only 2 per cent had encountered enduring problems with accessing their account and withdrawing their benefit. Again, due to the small base size, these results should be treated as indicative only.

3.5 Withdrawing benefit payments

All customers were asked which methods they used for withdrawing their particular benefit. The most common way of withdrawing benefits was through cash points at the bank or building society (used by 45 per cent of customers) and a further 29 per cent made withdrawals over the counter in banks or building societies. A third withdrew their benefit – on at least some occasions – over the counter at the Post Office (30 per cent). Other methods given include using cash points at the supermarket or other shops (27 per cent) and using a cash point at the Post Office (8 per cent).

As might be expected working age customers were far more likely than those in other groups to make use of cash points at banks or building societies and also to use cash points at the supermarket or in other shops. Pensioners and DCD customers were more likely to withdraw benefit payments over the counter at the Post Office or at a bank or building society than those receiving working age benefits.

Women were slightly more likely to state that they withdrew benefit payments over the counter at a bank or building society than men (31 per cent compared with 25 per cent) while men were more likely to use bank or building society cash points (49 per cent compared with 41 per cent).

Customers living in a village or more rural area were less likely to withdraw their benefit from a cash point at a bank or building society (37 per cent compared with 45 per cent of those living in a small town and 50 per cent of those living in a city or large town) and more likely to make withdrawals over the counter in the Post Office (34 per cent compared with 29 per cent living in more urban areas).

Table 3.4 Ways in which withdraw benefit

	Total %	Pensioners %	Working Age %	DCD %
Using cash points at the bank or building society	45	29	66	42
Over the counter at the Post Office	30	34	25	36
Over the counter at a bank or building society	29	35	20	28
Using cash points at the supermarket/other shops	27	18	39	21
Using cash point at the Post Office	8	8	10	7
Other	7	9	5	6
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures may over add or under add due to rounding

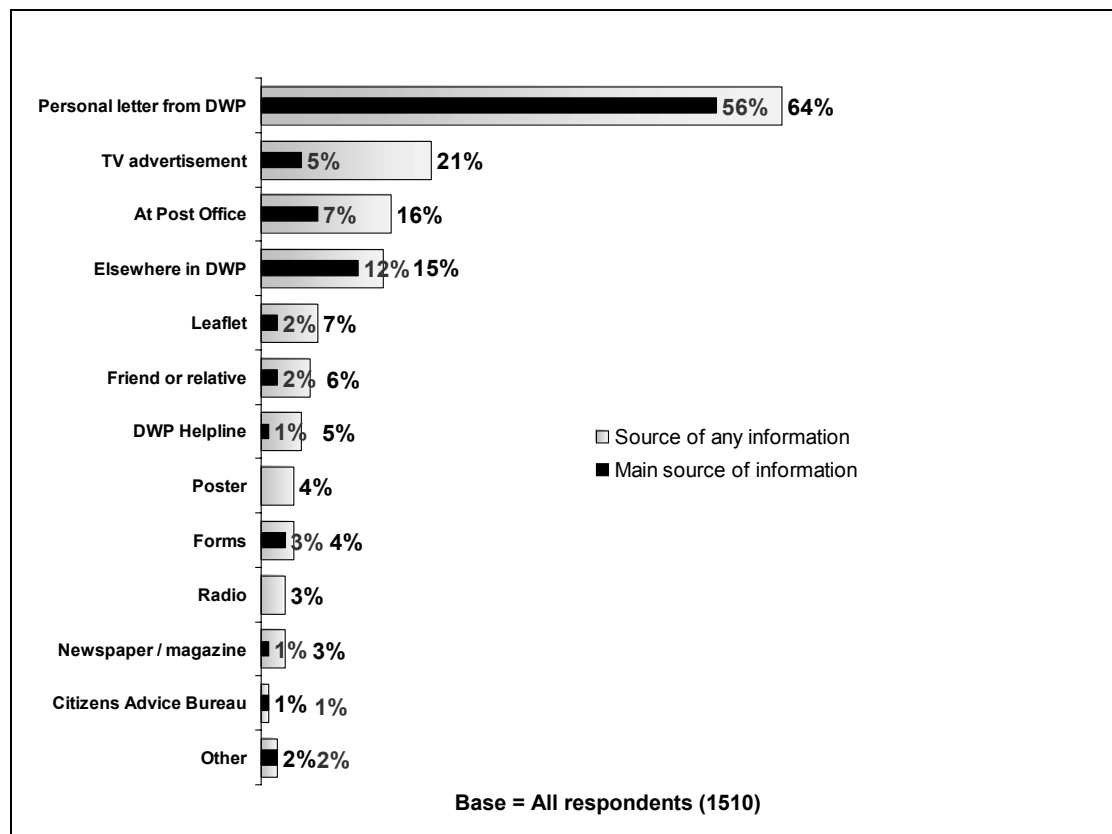
4. SOURCES OF INFORMATION AND VIEWS OF DIRECT PAYMENT

This chapter examines how customers heard about Direct Payment and the clarity of the information that they received. It also looks at overall views of the system of Direct Payment including perceived advantages, disadvantages and general attitudes towards payment of benefits in this way.

4.1 Sources of information

Customers were asked which sources they had received information about Direct Payment from and then, if they had received information from a range of sources, which had been their main source. The range of sources of information is shown in Figure 4.1 with the wider grey bars showing the proportion stating that each means of communication had been a source of any information and the narrow black bars showing the main sources of information.

Figure 4.1 Sources of information about Direct Payment



Half of all customers stated that their main source of information had been a personal letter from DWP (56 per cent). A further 12 per cent had heard about Direct Payment primarily from elsewhere within the DWP e.g. through The Pension Service or JobCentre Plus. A fifth had seen a television advertisement about Direct Payment but this had formed the key information source for only 5 per cent. One in six had received information about Direct Payment through the Post Office but this had only been a 'main source' for 7 per cent.

There were some differences in the ways in which customers had heard about Direct Payment by whether they were new customers or converts from the order book / girocheque system (Table 4.1 shows the main sources of information for the two groups). Customers who had converted were more likely to consider their personal letter from DWP to be their main source of information than new claimants (62 per cent versus 42 per cent). Converts were also more likely to have received information at the Post Office (9 per cent compared with 2 per cent of new claimants). New claimants were more likely to have received information from elsewhere in the DWP such as the Pensions Service or Jobcentre Plus (23 per cent compared with 7 per cent) and also to have received information on forms (7 per cent compared with 1 per cent of converts).

Table 4.1 Main source of information about Direct Payment

	Total %	Converts %	New Claimants %
Personal letter from DWP	56	62	42
Elsewhere in DWP (through Pension Service, Jobcentre Plus etc.)	12	7	23
At the Post Office	7	9	2
TV advertisement	5	6	4
Forms	3	1	7
Leaflets	2	2	4
From a friend or relative	2	3	2
DWP Helpline for Direct Payment	1	1	2
Newspaper / magazine	1	1	1
Word of mouth	1	*	1
CAB	1	*	1
Other	2	2	3
Unsure	4	4	6
Base (weighted)	1510	1048	460
Sample base (unweighted)	1510	1083	424

NB: Figures may over add or under add due to the rounding of figures

Reflecting the differences between converts and new claimants, customers in the pensioner and DCD client groups were more likely than customers in the working age client group to consider a personal letter from DWP to be their main source, (61 per cent and 66 per cent compared with 47 per cent). Working age respondents were much more likely to have found another part of the DWP to be their main source of information (24 per cent compared with only 5 per cent in the other two client groups).

Converts were more likely than new claimants to have found the Post Office to be their main source of information (9 per cent compared with 2 per cent).

4.2 Clarity of information

Customers were asked how clear they found the advice that they received from their main source of information about Direct Payment. The majority (93 per cent) stated they found the information clear, with two thirds stating it was very clear (66 per cent). Only 4 per cent of customers felt the information that they received was unclear. There were no significant differences by client group or type of customer.

Table 4.2 Clarity of information

	Total %	Pensioners %	Working Age %	DCD %
Very clear	66	65	68	66
Fairly clear	27	28	27	27
Not very clear	4	4	3	5
Not at all clear	1	1	-	1
Do not know	2	2	2	2
CLEAR	93	93	94	93
UNCLEAR	4	5	3	6
Base (weighted)	1464	734	569	161
Sample base (unweighted)	1469	484	488	497

NB: Figures may over add or under add due to the rounding of figures

There were some slight differences in perceived clarity of information by the source from which information was received although it is worth noting that some of the base sizes for individual information sources are quite small (Table 4.3). Generally the proportion of customers finding the information clear remains at a similar level across all information sources but this sub-group analysis does show differences in the proportion considering the information that they received to be 'very clear'. Customers whose key source of information was either television advertisements or leaflets were slightly less likely to find the information 'very clear' than those with other 'key' sources.

Table 4.3 Clarity of information

	Total %	Personal letter from DWP	Elsewhere in DWP	Post Office	TV advertisement	Forms	Leaflet	Friend / Relative
Very clear	66	66	67	64	57	75	57	77
Fairly clear	27	27	25	26	38	24	39	16
Not very clear	4	4	2	7	3	1	4	2
Not at all clear	1	1	1	1	-	-	-	4
Do not know	2	1	5	1	2	-	-	1
CLEAR	93	94	92	90	95	99	96	93
UNCLEAR	4	5	3	9	3	1	4	6
Base (weighted)	1464	847	183	108	82	46	38	37
Sample base (unweighted)	1469	872	188	99	79	49	30	39

Those who felt the information they received was not clear were asked why it was not clear and what could have been explained better. Reasons given, on an unprompted basis, included that the information was vague, there was too much paperwork or too many things for the customer to do and that outside help was needed to help fill in the forms.

4.3 Advantages and drawbacks of Direct Payment

Direct Payment customers were asked what, if any, they felt the main advantages of receiving their payments direct into their account. This was asked on an unprompted basis and the answers given are shown in Table 4.3.

The main advantages of Direct Payment were felt to be that it was a more convenient method of payment (29 per cent), that it meant that there was no need to visit the Post Office and that it meant that it was not necessary to withdraw all of a benefit payment at once (both 12 per cent). One in ten stated that they felt Direct Payment was more secure and a similar number felt that the fact that it was not necessary to queue to receive their benefit payments was an advantage.

Only 12 per cent of customers stated they felt there were no particular advantages of the Direct Payment system because it was no different and a further 8 per cent were unsure of the advantages.

There were not many marked differences in the advantages given by customer group with the exception that those in receipt of working age benefits were more likely to state that they felt that Direct Payment was more convenient (36 per cent compared with 24 per cent of pensioners and 28 per cent of DCD customers). New claimants were also more likely to mention this as an advantage than converts to Direct Payment from the order book / giro cheque system (40 per cent compared with 24 per cent).

Those living in a village or more rural area were more likely to state that they did not see any particular advantages of Direct Payment (17 per cent compared with 10 per cent of those in the other two client groups).

Table 4.4 Main advantages of Direct Payment

	Total %	Pensioners %	Working Age %	DCD %
More convenient	29	24	36	28
Don't have to visit Post Office	12	11	13	12
Don't have to withdraw all of benefit in one go	12	11	14	8
More secure	11	10	11	12
No need to queue	9	9	9	8
Reliability – knowing the money will just be there	6	5	7	4
Avoidance of problems with books and giros (loss and theft)/safety and convenience of card	5	4	6	6
Enables convenient money management	5	5	4	4
No time restrictions on collections	4	6	3	3
Easier/simple (unspecified)	4	4	3	4
No advantages/no difference	12	16	6	13
Other	12	10	10	12
Don't know	8	10	5	10
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures over add as some respondents gave more than one response

4.4 Disadvantages of Direct Payment

Customers were also asked what they felt to be the drawbacks of Direct Payment. Three-quarters of all customers felt that there were no disadvantages to receiving their benefit by Direct Payment (75 per cent). The disadvantages that were given were mentioned only by a small number of customers each. Hence, on balance, reactions appear to have been largely positive with customers far more likely to cite advantages of the system than disadvantages.

The most commonly mentioned drawbacks, on an unprompted basis, included that it was harder to keep track of whether a payment had been made (5 per cent), it was inconvenient to access their payments (4 per cent) and that it made it harder to keep track of finances in general e.g. because they had to wait for a statement to see how much money they had available (2 per cent). A small proportion also mentioned having problems with remembering or entering their PIN number (2 per cent), whilst some expressed concerns about the amount of time it takes for payments to clear (2 per cent).

Table 4.5 Main disadvantages of Direct Payment

	Total %	Pensioners %	Working Age %	DCD %
No disadvantages	75	76	73	76
Harder to keep track of whether payments have been received (errors/changes)	5	4	7	6
Inconvenient to get to	4	5	3	3
Harder to keep track of finances/spending (have to wait for statement)	2	2	3	1
Problems with PIN (memory and sight problems)	2	3	1	2
Process takes longer/amount of time it takes for funds to clear	2	-	4	1
Other	8	11	8	13
Don't know	3	4	2	1
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Figures over add as some respondents gave more than one response

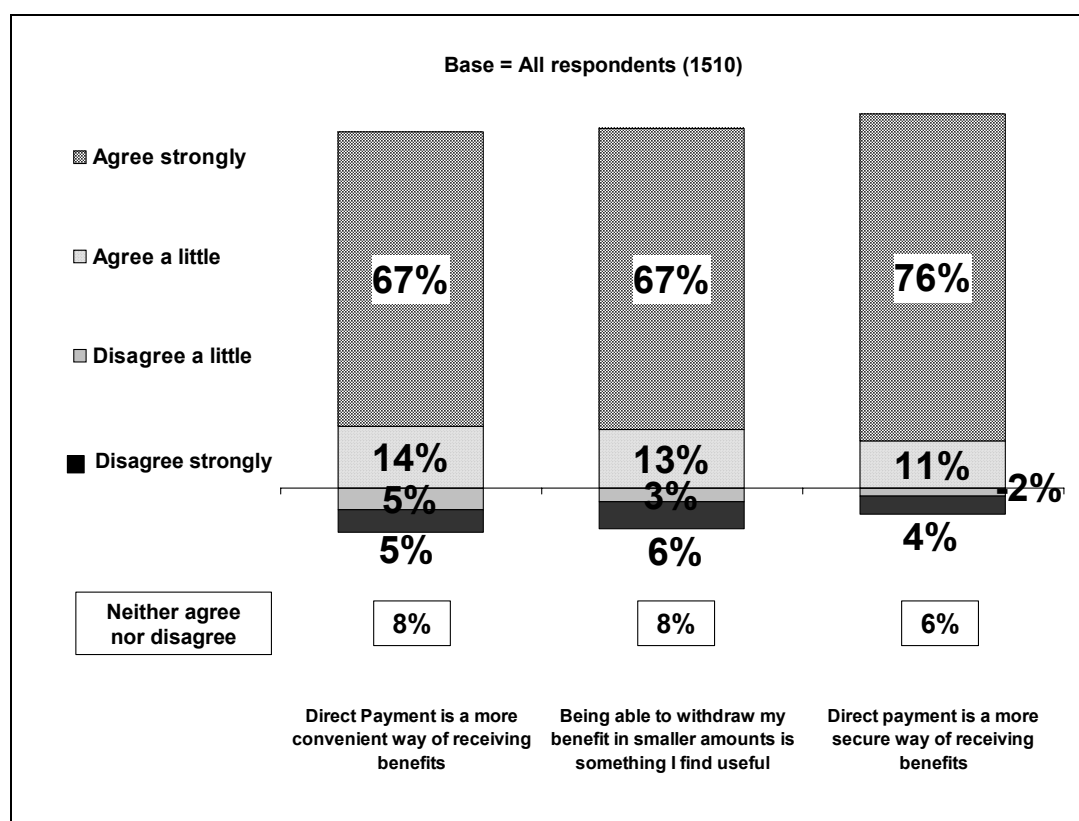
4.5 Agreement with statements about Direct Payment

In addition to their spontaneous views on the advantages and disadvantages of Direct Payment, customers were asked about the extent to which they agreed with a series of statements about their experience with Direct Payment (Figure 4.2). The statements that were read out were;

- *Direct Payment is a more convenient way of receiving benefits than order books or giro cheques;*
- *Being able to withdraw my benefit payments in smaller amounts – rather than in one go – because of the direct payment system is something that I find very useful;*
- *Direct payment is a more secure way of receiving benefit than order books or giro cheques.*

The responses given to these statements are shown in Figure 4.2 below.

Figure 4.2 Agreement with statements about Direct Payment



The majority of customers (80 per cent or more) agreed with each of the statements, with two-thirds agreeing strongly that Direct Payment is a more convenient way of receiving their benefits, two-thirds agreeing strongly that being able to withdraw their benefit in smaller amounts was useful (67 per cent for both) and three-quarters (76 per cent) agreeing strongly that Direct Payment is a more secure way of receiving benefit payments.

There were small but significant differences in strength of agreement across the three client groups with pensioners slightly less likely to agree with all three statements than customers in the working age or disabled client groups, particularly with regards to the first statement about the convenience of direct payment (Table 4.5).

Within the pensioner client group, older pensioners (aged over 75) were less likely to agree strongly with each of the statements than those aged 74 or under. Among older pensioners, 56 per cent agreed strongly that Direct Payment was more convenient (compared with 65 per cent of younger pensioners), 61 per cent agreed that being able to withdraw their benefit in smaller amounts was useful (compared with 67 per cent) and 69 per cent agreed that Direct Payment was more secure (compared with 76 per cent).

New claimants were more likely to agree strongly with each of the statements than those who had converted to Direct Payment from order books or giro cheques. Among new claimants, 82 per cent agreed strongly that Direct Payment was more convenient (compared with 60 per cent of converts), 73 per cent agreed strongly that being able to withdraw their benefit in smaller amounts was useful (compared with 64 per cent) and 83 per cent agreed that Direct Payment was more secure (compared with 73 per cent).

Table 4.6 Agreement with statements about Direct Payment

	Total	Pensioners	Working age	DCD
	%	%	%	%
<i>Direct Payment is a more convenient way of receiving benefit than order books/giro cheques</i>				
Agree strongly	67	62	73	68
Agree a little	14	12	16	15
Neither agree nor disagree	8	11	5	7
Disagree a little	5	7	2	4
Disagree strongly	5	7	2	5
Don't know	1	2	-	2
AGREE	81	74	90	83
DISAGREE	10	14	4	9
<i>Being able to draw benefit payments in smaller amounts because of the Direct Payment system is useful</i>				
Agree strongly	67	65	71	61
Agree a little	13	11	14	17
Neither agree nor disagree	8	8	9	10
Disagree a little	3	4	3	3
Disagree strongly	6	8	2	6
Don't know	3	5	1	3
AGREE	80	75	85	78
DISAGREE	9	12	5	9
<i>Direct Payment is a more secure way of receiving benefit(s) than order books or giro cheques</i>				
Agree strongly	73	73	79	78
Agree a little	11	11	12	11
Neither agree nor disagree	6	6	5	7
Disagree a little	2	2	1	1
Disagree strongly	4	5	2	4
Don't know	2	2	1	-
AGREE	87	84	91	88
DISAGREE	6	8	3	5
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

5. SATISFACTION WITH DIRECT PAYMENT

This chapter looks at overall satisfaction with the system of Direct Payment – both in terms of the process for setting up an account for Direct Payment and having payments made into the account. We also look at the problems that customers have encountered with receiving payments, the views of those who have converted from the system of order books or giro cheques on how Direct Payment compares with this system and suggested improvements to the process.

5.1 Satisfaction with process of arranging to have benefit paid into account

In terms the process of arranging to have their benefit(s) paid into their account, 91 per cent of customers were satisfied with the way in which this had taken place. Two thirds of customers were *very satisfied* (65 per cent) and one quarter were *quite satisfied* (26 per cent), with satisfaction levels remaining at high levels across all client groups. Only 6 per cent of customers expressed dissatisfaction. Tables 5.1 and 5.2 show the variation in levels of satisfaction by customer group and by type of account into which payment is made.

Table 5.1 Levels of satisfaction with the set-up process for Direct Payment (by customer group)

	Total %	Pensioners %	Working Age %	DCD %
Very satisfied	65	62	68	65
Quite satisfied	26	26	25	28
Neither satisfied nor dissatisfied	3	3	3	2
Not very satisfied	3	4	3	3
Not at all satisfied	3	4	2	3
SATISFIED	91	89	93	93
DISSATISFIED	6	8	4	5
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Some tables may over or under add due to rounding

Table 5.2 Levels of satisfaction with the set-up process for Direct Payment (by account type)

	Total %	Bank Account %	Building Society Account %	Post Office Card Account %
Very satisfied	65	70	66	51
Quite satisfied	26	24	25	30
Neither satisfied nor dissatisfied	3	2	1	4
Not very satisfied	3	1	5	8
Not at all satisfied	3	1	3	7
SATISFIED	91	94	91	81
DISSATISFIED	6	3	8	15
Base (weighted)	1510	989	151	363
Sample base (unweighted)	1510	967	163	374

NB: Some tables may over or under add due to rounding

This sub-group analysis shows that all groups expressed high levels of satisfaction with little difference between them. For example when asked about their satisfaction with the process of setting up Direct Payments 89% of Pensioners, 93% of Working Age and 93% of Disability and Carers expressed satisfaction. However differences between sub- groups are evident when looking at the percentage of those stating that they were very satisfied compared with who were just satisfied. For example:

- Older Pensioners were less likely to state that they were very satisfied than those aged 74 or under (55 per cent were very satisfied compared with 64 per cent in the younger age group);
- Customers who had converted to Direct Payment were less likely to be very satisfied than new claimants (58 per cent of converts were very satisfied compared with 75 per cent of new claimants);
- Those using Post Office card accounts to receive their benefit payments were less likely to be satisfied than those using bank or building society accounts with 52 per cent very satisfied compared with 67 per cent of bank or building society users. However it is worth bearing in mind that a much higher proportion of this group set up their account purely for the purposes of receiving benefit payments than was the case for those using either bank or building society accounts.

5.2 Satisfaction with having payments made into an account

Similarly, customers were generally satisfied with the process of having payments made into an account – 93 per cent were satisfied overall. Two thirds of customers were *very satisfied* with the process (64 per cent) and 29 per cent were *quite satisfied*. Only 4 per cent expressed any dissatisfaction. Tables 5.3 and 5.4 illustrate the variations in levels of satisfaction by customer group and by type of account into which payment is made.

Table 5.3 Levels of satisfaction with the process of payments being made into an account (by customer group)

	Total %	Pensioners %	Working Age %	DCD %
Very satisfied	64	61	67	63
Quite satisfied	29	31	26	31
Neither satisfied nor dissatisfied	4	5	3	3
Not very satisfied	2	2	2	2
Not at all satisfied	2	2	1	1
SATISFIED	93	92	94	93
DISSATISFIED	4	4	3	4
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: Some tables may over or under add due to the rounding up of figures

Table 5.4 Levels of satisfaction with the process of payments being made into an account (by account type)

	Total %	Bank Account %	Building Society Account %	Post Office Card Account %
Very satisfied	64	68	62	52
Quite satisfied	29	27	28	36
Neither satisfied nor dissatisfied	4	3	2	7
Not very satisfied	2	1	5	3
Not at all satisfied	2	1	3	2
SATISFIED	93	95	90	88
DISSATISFIED	4	2	8	5
Base (weighted)	1510	989	151	363
Sample base (unweighted)	1510	967	163	374

NB: Some tables may over or under add due to rounding

As with satisfaction with the set-up process for Direct Payment, differences in the proportion of customers who were satisfied with the process of receiving payments varies little by sub-group but there are some differences between the proportions stating that they were very satisfied and those stating that they were just satisfied. The key differences are that:

- Older pensioners are less likely to be very satisfied than those aged 74 or under (55 per cent were very satisfied compared with 64 per cent in the younger age group);
- Converts are less likely to be very satisfied than new claimants (58 per cent of converts were very satisfied compared with 75 per cent of new claimants);
- Those using Post Office card accounts to receive their benefit payments were less likely to be very satisfied than those using bank or building society accounts with 52 per cent very satisfied compared with 67 per cent of bank or building society users.

The small number of customers who were dissatisfied with the process of having payments made into their account gave reasons for their dissatisfaction on an unprompted basis. These include that errors had occurred (missed/late payments etc), simply that they preferred the old system or did not like change, that funds take too long to clear, that Direct Payment makes it difficult for them to keep track of their finances or difficulties of travelling to somewhere where they can access their account.

5.3 Problems encountered with Direct Payment

Customers were also asked specifically whether they had experienced any late or incorrect payments since they started receiving their benefit by Direct Payment.

As shown in Table 5.5, just under one in ten customers believed that they had received at least one payment late (8 per cent). This proportion rises to one in seven among working age respondents (15 per cent). This difference between the experiences of the working age client group and the other two client groups may be related to the fact that these customers tend to receive benefit payments more frequently (28 per cent receive their benefit payments weekly and 70 per cent receive them fortnightly).

The proportion who reported receiving a payment for the wrong amount was even smaller (3 per cent).

Table 5.5 Whether have experienced problems

	Total %	Pensioners %	Working Age %	DCD %
You have not received payments on the right date				
Yes	8	3	15	7
No	92	97	85	93
You have received payments for the wrong amount				
Yes	3	2	4	1
No	97	98	96	99
Base (weighted)	1510	760	584	166
Sample base (unweighted)	1510	500	501	509

NB: The base size is small so results should be treated as indicative only

To establish the extent to which problems encountered were 'one-off' occurrences rather than a repeated feature of customers' experiences with Direct Payment, those who had encountered problems were asked about the frequency with which these had taken place. Generally, while only small minorities of customers had experienced problems, those who had run into difficulties were quite likely to have had problems on more than one occasion.

Table 5.6 shows the frequency with which problems have been experienced (based just on those who have had problems). The base sizes for this table are small – particularly for customers received payments for an incorrect sum and hence findings should be treated as indicative only.

Table 5.6 Number of times problem has been experienced

	Payment not made on the right date %	Payment made for incorrect amount %
Once	46	47
Twice	25	9
Three times	9	8
More than three times	18	36
Don't know	2	-
Base (weighted)	120	40
Sample base (unweighted)	124	34

NB: Base sizes are small and results should be treated as indicative only

Half of those who had received a late benefit payment had only experienced this issue once (46 per cent). However a quarter had experienced the problem twice and a further 27 per cent had had problems on three or more occasions.

The small number of customers who had received payments for an incorrect sum also split approximately evenly into those who had experienced the problem once and those who had received more than one incorrect payments. Over a third of the small number of customers who had experienced this problem had received incorrect payments on more than three occasions.

Customers who had experienced problems were also asked about the length of time that these problems had taken to resolve. Where customers had had difficulties on more than one occasion, they were asked about the longest time that any one of their late or incorrect payments had taken to resolve. The results are shown in Table 5.7.

Just under two-fifths of those who had received a payment late had the correct payment made within one or two days. Seven in ten had the correct payment made within a week. One in five had to wait longer in a week and in 7 per cent of cases, the customer was still waiting for resolution at the time of interview.

Where payment had been made for an incorrect amount, this had tended to take longer to resolve. A third of customers who had experienced this problem had received a correct payment within a week however, in just over a quarter of cases, the issue had taken in excess of two weeks to resolve. A further quarter of customers were still waiting for resolution at the time of interview.

Table 5.7 Length of time taken before received payment when paid late on one occasion

	Payment not made on the right date %	Payment made for incorrect amount %
One or two days	37	15
Three of four days	18	10
Around a week	13	8
Around 2 weeks	5	15
Longer than two weeks	15	28
Has not been resolved yet	7	23
Don't know	5	3
Base (weighted)	120	40
Sample base (unweighted)	124	34

NB: The base size is small so results should be treated as indicative only

All customers were asked more generally if they had experienced any other problems with receiving their benefit payment direct into their account. Only 2 per cent stated that they had encountered 'other' problems which included problems due to a lack of communication, processing errors/delays and problems accessing their benefit.

Overall, 11 per cent of customers had experienced problems with late payments, incorrect payments or 'other' types of problems. This proportion rose to 18 per cent among working age customers (compared with 7 per cent of pensioners and 9 per cent of DCD customers). Experiencing problems of this nature unsurprisingly has an impact on overall satisfaction with the Direct Payment process. Two fifths of those who stated that they were dissatisfied with the process of having payments made into their account (42 per cent) had experienced one of these types of problems compared with 10 per cent of those who were satisfied.

5.4 Comparison with previous system of receiving benefits

All those who had converted to receiving their benefit by Direct Payment from the order book or giro cheque system were asked whether they felt that Direct Payment was better, worse or no different to the old system.

The majority of converts (86 per cent) felt that Direct Payment was at least as good as the order book / giro cheque system with 58 per cent stating that they felt it was an improvement. Only 13 per cent felt the system was worse.

Table 5.8 Whether system of receiving benefit by Direct Payment is better, worse or no different

	Total %	Pensioners %	Working age %	DCD %
Better	58	50	71	51
Worse	13	15	10	12
No different	28	33	18	35
Don't know	2	2	1	3
Base (weighted)	1048	519	395	133
Sample base (unweighted)	1083	344	324	415

Convert customers in the working age client group were more likely to feel the new system was better (71 per cent), reflecting their more positive attitudes towards this method of payment seen earlier. Younger customers were also more likely to feel that Direct Payment was an improvement than older customers (71 per cent of customers under 30 felt the new system was better compared to 52 per cent of those over 65).

Among those who felt the new system of Direct Payment was better, reasons given on an unprompted basis included that it prevented unnecessary travel, that benefits can be withdrawn in smaller amounts rather than in one sum and that it is generally easier/more convenient (all mentioned by 13 per cent of convert customers feeling the system to be an improvement). Other reasons given are shown in Table 5.9 below.

Table 5.9 Why feel having benefit(s) paid directly into account is better

	Total %	Pensioners %	Working age %	DCD %
Prevents unnecessary travel	13	13	14	14
Don't have to withdraw entire sum	13	13	13	9
Easier/more convenient (unspecified)	13	9	16	11
No queues	12	12	13	9
Card can be used in/money can be withdrawn from a number of places	11	9	13	12
Safer/easy to carry card around/no books to worry about	11	11	10	14
The process (paying in, cashing) is simple/straightforward/quicker/reliable	9	13	7	7
No time restrictions on access	8	7	7	12
Promotes saving	6	10	2	3
Other	26	21	29	32
Don't know	2	3	-	-
Base (weighted)	606	257	281	68
Sample base (unweighted)	627	170	228	229

The reasons provided by those customers who felt that Direct Payment was a worse method of receiving benefit payments than their previous system reflect concerns and disadvantages expressed previously – inconvenience (20 per cent), harder to keep track of payments coming in (17 per cent), a general preference for the old system / a dislike of change (17 per cent) and difficulties with the PINs (13 per cent). Other reasons given are shown in Table 5.10.

Table 5.10 Why feel having benefit(s) paid directly into account is worse

	Total	Pensioners	Working age	DCD
	%	%	%	%
Inconvenient to get to access point	20	22	19	15
The old system was easier/I prefer the old system (unspecified)	17	22	6	23
Harder to keep track of payments coming in (errors, changes)	17	12	22	33
Difficulty with PIN	13	17	7	9
Process takes longer/amount of time it takes for funds to clear	9	4	23	-
Harder to keep track of finances/spending	7	7	7	7
Money cannot be drawn on your behalf	7	4	15	6
Other	29	33	48	8
Don't know	1	2	-	2
Base (weighted)	131	77	38	15
Sample base (unweighted)	125	51	33	41

5.5 Suggested improvements

Only 12 per cent of all customers felt that the Direct Payment system needed any improvements. This proportion was slightly lower among the pensioner client group (8 per cent) than among working age or DCD customers (18 per cent and 12 per cent respectively).

Men were slightly more likely to feel that they would like to see improvements than women (16 per cent compared with 9 per cent). Younger customers were also more likely to suggest improvements (21 per cent of those aged under 30, 17 per cent of those aged between 30 and 64 and 9 per cent of those aged 65 or over).

The most commonly mentioned improvements were a confirmation of payment (suggested by 15 per cent of those who would like to see improvements), a general speeding up the process, clarification of dates of payment, and regular statements (all mentioned by 12 per cent each) and more choices as to how, when and where benefits are paid (8 per cent). These improvements were mentioned on an unprompted basis.

Table 5.11 Suggested improvements to Direct Payment system

	Total %
Confirmation of payment (amount)	15
Speed up process (quicker clearing of funds, processing of claims etc)	12
Clarification of dates of payment	12
Regular statements	12
More money	8
More choice (how, when and where benefits are paid)	8
Abolish it/go back to books	6
Less complicated forms/paperwork	5
More/better communication (customer service)	4
Weekly payments	4
Base (weighted)	182
Sample base (unweighted)	177

6. CONCLUSIONS

Customers are generally positive about their experiences of Direct Payment. Nearly all are satisfied with both the process of setting up an account for Direct Payment (91 per cent) and having payments made into the account (93 per cent).

Those who had previously received benefits by the order book or girocheque system might have been expected to be resistant to Direct Payment but for the majority of those who have converted so far this does not seem to have been the case. Of those who have converted to Direct Payment (and hence have knowledge of alternative ways of operating), 58 per cent consider Direct Payment to be an improved service with most of the remainder considering it to be no better or worse than other means of receiving benefit payments.

Customers generally perceive Direct Payment to be a more convenient means of receiving their benefit and also view it as more secure. Furthermore, they generally value the ability to withdraw their benefit in smaller amounts rather than all in one go. They are much more likely to see advantages of Direct Payment than disadvantages. Pensioners are generally slightly less positive about Direct Payment than those receiving 'working age' or DCD benefits (although it is still the case that even this group are positive on balance).

The improvements to the Direct Payment process that customers would most like to see include confirmation that a payment has been made, that the whole process is generally made quicker, that the dates on which payments are received (and the dates when they are cleared funds) are made clearer and that regular statements are issued. However, only a minority (12 per cent) were able to suggest any improvements at all.

A third of customers have set up an account specifically for the purposes of receiving Direct Payment but only a small number of these have encountered problems with this process. Only a minority of these customers (15 per cent) found the process of setting up an account to be 'not very' or 'not at all easy' while one in twelve customers (8 per cent) have had problems in accessing their account or withdrawing money from it. These problems are slightly more prevalent among those who have chosen to use a Post Office card account.

Small but not insignificant minorities said they have encountered problems with receiving payments late. In some cases this has happened only once but there are some customers who have had difficulties on a more sustained basis. A total of four per cent of all customers have received at least two late payments. Problems with receiving payments for an incorrect amount are less common.

Technical Appendix

This short technical appendix provides some additional information about the sampling and weighting processes for the study as well as detail on the response rates achieved.

Sampling

The sample for the study was initially drawn from the DWP's records for customers who had started to receive their benefit by Direct Payment between March and April 2004. Sample was drawn in a ratio of 10:1 to allow for both opt-outs and the conduct of fieldwork over a relatively short timeframe. A total of 5000 records were drawn for each of the 3 'benefit groups'. The benefit groups were defined according to the individual benefit received as follows:

- Pensioners (State pensions, Pension Credit)
- Working Age (Jobseekers Allowance, Incapacity Benefit, Income Support)
- Disability and Carer Directorate (Attendance Allowance, Disability Living Allowance, Carers Allowance)³

Within each benefit group, sample was drawn in proportion to the number of customers who had recently started to receive their benefit by Direct Payment on a gender by benefit grid. Within the pensioners benefit group, account was also taken of the age of the customer – dividing customers into 'older' pensioners (those aged 75 or older) and 'younger' pensioners (aged 74 or under). The pensioner sample was drawn to be proportionate to the overall population of 'new Direct Payment customers' by age within gender by benefit.

An attempt was also made to ensure that the sample drawn for the survey was representative by the split into converts from the order book / giro cheque system and new customers within each customer group. However, during interview, some customers who were marked as converts stated that they had only ever received their benefit by Direct Payment and vice versa. Hence, for the purposes of analysis, this information was taken from interview data rather than from the sample.

A further complication was that, once fieldwork had started, it became apparent that, within the DCD group especially, some customers who had been recorded as having started to receive their benefit by Direct Payment had in fact only registered to do so once their current order book had run out. Because of the tight fieldwork timetable, this necessitated drawing additional sample of DCD customers who were recorded as having started Direct Payment at an earlier point.

Weighting

The same matrix that was used to determine sampling proportions was also used to weight the data. This ensured that the data could be deemed to be representative of all customers who had recently started on Direct Payment in the period prior to fieldwork.

Because the information about whether customers were converts or new claimants held on the sample did not appear always to match the information given by customers themselves, this aspect was not included in the weighting matrix.

³ Note that it is possible for individual customers to be receiving benefits from more than one of these groups.

Response rates

The table overleaf shows the outcomes of sample received for the study. Of the population in scope for fieldwork, a response rate of 58 per cent was achieved.

Call outcomes

	Total	Population in scope of study %	Population in scope of fieldwork %
Number sampled	20,230		
Ineligible	10,201		
Unable to match telephone number to sample	6,424		
Respondent 'opted out'	2,870		
Respondent had never / no longer received sampled benefit	335		
Respondent had not started to receive benefit by Direct Payment / had only received one payment	434		
Respondent not normally responsible for dealing with and withdrawing benefit (and neither is joint claimant)	138		
Total in scope of study	10,029	100	
Invalid cases	1924	19	
Unobtainable number	1456	15	
Out of quota	81	1	
Cases called many times with no answer	356	4	
Language barrier	31	*	
No definite outcome reached within fieldwork period	5,479	55	
Total in scope of fieldwork	2626	26	
Interviews achieved	1510	15	58
Refusals	1116	11	42
Response rate		15%	75%