STATUTORY INSTRUMENTS

2025 No. 778

SOCIAL SECURITY

The Social Security (Income and Capital Disregards) (Amendment) (No. 2) Regulations 2025

Made - - - -	*30th June 2025*
Laid before Parliament	*1st July 2025*
Coming into force - -	*22nd July 2025*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 123(1)(a) and (d), 130A(2), 135(1), 136(3) and (5), 136A(3) and 175(1), (3) and (4) of the Social Security Contributions and Benefits Act 1992(**a**), sections 4(5), 12(1) and (4) and 36(2) and (4) of the Jobseekers Act 1995(**b**), sections 2(3)(b) and 15(3) and (6) of the State Pension Credit Act 2002(**c**), sections 4(2), 17(1) and (3) and 25(2), (3) and (5) of the Welfare Reform Act 2007(**d**) and section 42(1) to (3) of, and paragraph 4(1) and (3) of Schedule 1 to, the Welfare Reform Act 2012(**e**).

In accordance with section 173(1)(b) of the Social Security Administration Act 1992(**f**), the Social Security Advisory Committee has agreed that the proposals in respect of these Regulations should not be referred to it.

In respect of regulations 5 and 6, in accordance with section 176(1)(a) of the Social Security Administration Act 1992(**g**), the Secretary of State has consulted with organisations appearing to the Secretary of State to be representative of the authorities concerned.

(**a**) 1992 c. 4. Section 130A was inserted by section 30(2) of the Welfare Reform Act 2007 (c. 5). Section 136A was inserted by paragraph 3 of Schedule 2 to the State Pension Credit Act 2002 (c. 16). Section 175(1) and (4) was amended by paragraph 29 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2). Section 175(1), (2) to (5) and (10) is applied in relation to the powers conferred by sections 2(3)(b) and 15(3) and (6) of the State Pension Credit Act 2002 by section 19(1) of that Act. See section 137(1) for the definition of "prescribed".
(**b**) 1995 c. 18. See section 35(1) for the definitions of "prescribed" and "regulations".
(**c**) 2002 c. 16. See section 17(1) for the definitions of "prescribed" and "regulations".
(**d**) 2007 c. 5. Section 4(2) was amended by section 15(3)(a) of the Welfare Reform and Work Act 2016 (c. 7) and repealed for certain purposes by Schedule 14 to the Welfare Reform Act 2012 (c. 5). See section 24(1) for the definitions of "prescribed" and "regulations".
(**e**) 2012 c. 5.
(**f**) 1992 c. 5.
(**g**) Section 176(1)(a) was amended by paragraph 23 of Schedule 9 to the Local Government Finance Act 1992 (c. 14) and was repealed, to the extent that it related to council tax benefit, by Part 1 of Schedule 14 to the Welfare Reform Act 2012.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Social Security (Income and Capital Disregards) (Amendment) (No. 2) Regulations 2025 and come into force on 22nd July 2025.

(2) These Regulations extend to England and Wales and Scotland.

Amendment of the Income Support (General) Regulations 1987

2.—(1) The Income Support (General) Regulations 1987(**a**) are amended as follows.

(2) In regulation 2(1) (interpretation)—

(a) after the definition of "MFET Limited" insert—

""miscarriage of justice compensation payment" means—

(a) a payment made under section 133(1) of the Criminal Justice Act 1988(**b**); or

(b) any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice, for the purpose of compensating a person—

(i) for a miscarriage of justice in criminal proceedings, or

(ii) for being wrongfully charged with a criminal offence;";

(b) in the definition of "qualifying person" for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(3) In regulation 42(4ZB) (notional income) after sub-paragraph (e) insert—

";

(f) a miscarriage of justice compensation payment.".

(4) In regulation 48(10) (income treated as capital) after sub-paragraph (af) insert—

"(ag) which is a miscarriage of justice compensation payment;".

(5) In regulation 51(3B) (notional capital) after sub-paragraph (f) insert—

";

(g) a miscarriage of justice compensation payment.".

(6) In Schedule 3 (housing costs), in paragraph 18(8)(b), for "or LGBT Financial Recognition Scheme payment" substitute ", LGBT Financial Recognition Scheme payment or miscarriage of justice compensation payment".

(7) In Schedule 9 (sums to be disregarded in the calculation of income other than earnings), in paragraph 39—

(a) in sub-paragraph (1A) after paragraph (e) insert—

";

(f) miscarriage of justice compensation payment.";

(b) in each of sub-paragraphs (2) to (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(**a**) S.I. 1987/1967; relevant amending instruments are S.I. 1988/2022, 1991/1175, 1992/1101, 1995/1613, 2927, 2000/1981, 2004/1141, 2005/2877, 3391, 2008/2767, 2010/641, 2011/2425, 2017/329, 689, 870, 2020/618, 2021/1405, 2023/640, 1144, 2025/44.

(**b**) 1988 c. 33.

(8) In Schedule 10 (capital to be disregarded), in paragraph 22—

(a) in sub-paragraph (1A) for "or LGBT Financial Recognition Scheme payment" substitute ", LGBT Financial Recognition Scheme payment or miscarriage of justice compensation payment";

(b) in each of sub-paragraphs (2) to (5) and (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

Amendment of the Jobseeker's Allowance Regulations 1996

3.—(1) The Jobseeker's Allowance Regulations 1996(**a**) are amended as follows.

(2) In regulation 1(3) (citation, commencement, interpretation and application)—

(a) after the definition of "MFET Limited" insert—

""miscarriage of justice compensation payment" means—

(a) a payment made under section 133(1) of the Criminal Justice Act 1988; or

(b) any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice, for the purpose of compensating a person—

(i) for a miscarriage of justice in criminal proceedings, or

(ii) for being wrongfully charged with a criminal offence;";

(b) in the definition of "qualifying person" for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(3) In regulation 105(10A) (notional income) after sub-paragraph (af) insert—

"(ag) which is a miscarriage of justice compensation payment;".

(4) In regulation 110(10) (income treated as capital) after sub-paragraph (af) insert—

"(ag) which is a miscarriage of justice compensation payment;".

(5) In regulation 113(3B) (notional capital) after sub-paragraph (f) insert—

";

(g) a miscarriage of justice compensation payment.".

(6) In Schedule 2 (housing costs), in paragraph 17(8)(b), for "or LGBT Financial Recognition Scheme payment" substitute ", LGBT Financial Recognition Scheme payment or miscarriage of justice compensation payment".

(7) In Schedule 7 (sums to be disregarded in the calculation of income other than earnings), in paragraph 41—

(a) in sub-paragraph (1A), after paragraph (e) insert—

";

(f) miscarriage of justice compensation payment.";

(b) in each of sub-paragraphs (2) to (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(**a**) S.I. 1996/207; relevant amending instruments are S.I. 1998/2117, 2004/1141, 2005/2877, 3391, 2008/2767, 2010/641, 2011/2425, 2017/329, 689, 870, 2020/618, 2021/1405, 2023/640, 1144, 2025/44.

(8) In Schedule 8 (capital to be disregarded), in paragraph 27—

(a) in sub-paragraph (1A) for "or LGBT Financial Recognition Scheme payment" substitute ", LGBT Financial Recognition Scheme payment or miscarriage of justice compensation payment";

(b) in each of sub-paragraphs (2) to (5) and (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

Amendment of the State Pension Credit Regulations 2002

4.—(1) The State Pension Credit Regulations 2002(**a**) are amended as follows.

(2) In regulation 1(2) (citation, commencement and interpretation)—

(a) move the definition of "LGBT Financial Recognition Scheme payment" so that it appears after the definition of "the Jobseeker's Allowance Regulations";

(b) after the definition of "MFET Limited" insert—

""miscarriage of justice compensation payment" means—

(a) a payment made under section 133(1) of the Criminal Justice Act 1988; or

(b) any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice, for the purpose of compensating a person—

(i) for a miscarriage of justice in criminal proceedings, or

(ii) for being wrongfully charged with a criminal offence;";

(c) in the definition of "qualifying person" for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(3) In Schedule 2 (housing costs), in paragraph 14(8), after paragraph (be) insert—

"(bf) any miscarriage of justice compensation payment;".

(4) In Schedule 5 (income from capital), in paragraph 15—

(a) in sub-paragraph (1A) for "or LGBT Financial Recognition Scheme payment" substitute ", LGBT Financial Recognition Scheme payment or miscarriage of justice compensation payment";

(b) in each of sub-paragraphs (2) to (5) and (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

Amendment of the Housing Benefit Regulations 2006

5.—(1) The Housing Benefit Regulations 2006(**b**) are amended as follows.

(2) In regulation 2(1) (interpretation)—

(a) after the definition of "MFET Limited" insert—

""miscarriage of justice compensation payment" means—

(**a**) S.I. 2002/1792; relevant amending instruments are S.I. 2004/1141, 2005/2877, 3391, 2010/641, 2011/2425, 2017/329, 689, 870, 2020/618, 2021/1405, 2023/640, 1144, 2025/44.

(**b**) S.I. 2006/213; relevant amending instruments are S.I. 2007/2868, 2008/2767, 2010/641, 2011/2425, 2017/329, 689, 870, 2020/618, 2021/1405, 2023/640, 1144, 2025/44.

(a) a payment made under section 133(1) of the Criminal Justice Act 1988(**a**); or

(b) any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice, for the purpose of compensating a person—

(i) for a miscarriage of justice in criminal proceedings, or

(ii) for being wrongfully charged with a criminal offence;";

(b) in the definition of "qualifying person" for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(3) In regulation 42(7A) (notional income) after sub-paragraph (e) insert—

";

(f) a miscarriage of justice compensation payment.".

(4) In regulation 46(6) (income treated as capital) after "an LGBT Financial Recognition Scheme payment" insert ", a miscarriage of justice compensation payment".

(5) In regulation 49(4A) (notional capital) after sub-paragraph (f) insert—

";

(g) a miscarriage of justice compensation payment.".

(6) In regulation 74(9) (non-dependant deductions) after sub-paragraph (be) insert—

"(bf) any miscarriage of justice compensation payment;".

(7) In Schedule 5 (sums to be disregarded in the calculation of income other than earnings), in paragraph 35—

(a) in sub-paragraph (1A) after paragraph (e) insert—

";

(f) miscarriage of justice compensation payment.";

(b) in each of sub-paragraphs (2) to (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(8) In Schedule 6 (capital to be disregarded), in paragraph 24—

(a) in sub-paragraph (1A) for "or LGBT Financial Recognition Scheme payment" substitute ", LGBT Financial Recognition Scheme payment or miscarriage of justice compensation payment";

(b) in each of sub-paragraphs (2) to (5) and (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

Amendment of the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006

6.—(1) The Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006(**b**) are amended as follows.

(**a**) 1988 c. 33.

(**b**) S.I. 2006/214; relevant amending instruments are S.I. 2007/2869, 2010/641, 2011/2425, 2017/329, 689, 870, 2020/618, 2021/1405, 2023/640, 1144, 2025/44.

(2) In regulation 2(1) (interpretation)—

(a) after the definition of "MFET Limited" insert—

""miscarriage of justice compensation payment" means—

(a) a payment made under section 133(1) of the Criminal Justice Act 1988; or

(b) any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice, for the purpose of compensating a person—

(i) for a miscarriage of justice in criminal proceedings, or

(ii) for being wrongfully charged with a criminal offence;";

(b) in the definition of "qualifying person" for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(3) In regulation 55(10) (non-dependant deductions) after sub-paragraph (be) insert—

"(bf) any miscarriage of justice compensation payment;".

(4) In Schedule 6 (capital to be disregarded), in paragraph 16—

(a) in sub-paragraph (1A) for "or LGBT Financial Recognition Scheme payment" substitute ", LGBT Financial Recognition Scheme payment or miscarriage of justice compensation payment";

(b) in each of sub-paragraphs (2) to (5) and (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

Amendment of the Employment and Support Allowance Regulations 2008

7.—(1) The Employment and Support Allowance Regulations 2008(**a**) are amended as follows.

(2) In regulation 2(1) (interpretation)—

(a) after the definition of "MFET Limited" insert—

""miscarriage of justice compensation payment" means—

(a) a payment made under section 133(1) of the Criminal Justice Act 1988; or

(b) any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice, for the purpose of compensating a person—

(i) for a miscarriage of justice in criminal proceedings, or

(ii) for being wrongfully charged with a criminal offence;";

(b) in the definition of "qualifying person" for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(3) In regulation 107(5A) (notional income – income due to be paid or income paid to or in respect of a third party) after sub-paragraph (e) insert—

";

(**a**) S.I. 2008/794; relevant amending instruments are S.I. 2008/2428, 2010/641, 2011/2425, 2017/329, 689, 870, 2020/618, 2021/1405, 2023/640, 1144, 2025/44.

(f) a miscarriage of justice compensation payment.".

(4) In regulation 112(8)(b) (income treated as capital) after paragraph (v) insert—

";

(vi) miscarriage of justice compensation payment.".

(5) In regulation 115(5A) (notional capital) after sub-paragraph (f) insert—

";

(g) a miscarriage of justice compensation payment.".

(6) In Schedule 6 (housing costs), in paragraph 19(8)(b), for "or LGBT Financial Recognition Scheme payment" substitute ", LGBT Financial Recognition Scheme payment or miscarriage of justice compensation payment".

(7) In Schedule 8 (sums to be disregarded in the calculation of income other than earnings), in paragraph 41—

(a) in sub-paragraph (1A), after paragraph (e) insert—

";

(f) miscarriage of justice compensation payment.";

(b) in each of sub-paragraphs (2) to (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

(8) In Schedule 9 (capital to be disregarded), in paragraph 27—

(a) in sub-paragraph (1A) for "or LGBT Financial Recognition Scheme payment" substitute ", LGBT Financial Recognition Scheme payment or miscarriage of justice compensation payment";

(b) in each of sub-paragraphs (2) to (5) and (6) for "or an LGBT Financial Recognition Scheme payment" substitute ", an LGBT Financial Recognition Scheme payment or a miscarriage of justice compensation payment".

Amendment of the Universal Credit Regulations 2013

8.—(1) The Universal Credit Regulations 2013(**a**) are amended as follows.

(2) In regulation 76 (special schemes for compensation etc.)—

(a) after paragraph (1C) insert—

"(1D) This regulation also applies where a person—

(a) receives a miscarriage of justice compensation payment or is a person for whose benefit such a payment is made;

(b) is the partner of a person to whom sub-paragraph (a) refers, and receives a payment by or on behalf of that person which is derived from the miscarriage of justice compensation payment;

(c) was the partner of a person to whom sub-paragraph (a) refers immediately before their death and receives a payment from their estate which is derived from a miscarriage of justice compensation payment;

(d) in a case where a miscarriage of justice compensation payment is made to the personal representative of a deceased person ("P"), was P's partner immediately

(**a**) S.I. 2013/376, amended by S.I. 2023/640; there are other amending instruments but none is relevant.

before P's death and receives a payment from P's estate which is derived from the miscarriage of justice compensation payment.";

(b) in paragraph (4) after the definition of "the Horizon system" insert—

""miscarriage of justice compensation payment" means—

(a) a payment made under section 133(1) of the Criminal Justice Act 1988; or

(b) any other payment made by the Secretary of State, the Scottish Ministers or, in Northern Ireland, the Department of Justice, for the purpose of compensating a person—

(i) for a miscarriage of justice in criminal proceedings, or

(ii) for being wrongfully charged with a criminal offence;".

Signed by the authority of the Secretary of State for Work and Pensions

Stephen Timms
Minister of State
30th June 2025 Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

Regulations 2 to 8 amend respectively the Income Support (General) Regulations 1987 (S.I. 1987/1967), the Jobseeker's Allowance Regulations 1996 (S.I. 1996/207), the State Pension Credit Regulations 2002 (S.I. 2002/1792), the Housing Benefit Regulations 2006 (S.I. 2006/213), the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 (S.I. 2006/214), the Employment and Support Allowance Regulations 2008 (S.I. 2008/794), and the Universal Credit Regulations 2013 (S.I. 2013/376).

In particular, they amend as appropriate provisions regarding which payments are to be disregarded as income and capital for the purposes of calculating entitlement to benefits in order to create new disregards. The disregards cover payments made under miscarriage of justice schemes that have effect under section 133 of the Criminal Justice Act 1988 (c. 33). At the time of making these Regulations there are three such schemes: the Miscarriages of Justice Application Service in England and Wales and equivalent schemes in Scotland and Northern Ireland. The new disregards also cover extra-statutory payments made for similar purposes.

Regulation 4(2)(a) corrects the placement of a definition in regulation 1(2) of the State Pension Credit Regulations 2002 so that it appears in alphabetical order.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.

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