

Unpaid carers impacted by unclear guidance to have debts cancelled

13.4.2026 - | Her Majesty's Revenue and Customs

Tens of thousands of unpaid carers affected by confusing guidance on their earnings are set to have their debts reduced, cancelled, or refunded, in a major reassessment of cases launched by the government.

- Over 200,000 Carer's Allowance cases affected by confusing guidance will be reviewed, with debts potentially reduced, cancelled or refunded for around 25,000 unpaid carers.
- Unclear government guidance on fluctuating earnings, in place from 2015 to 2025, left busy carers facing unexpected debts without realising they had broken the rules.
- Carers do not need to take any action now as this government steps in to put right the failures in the system it inherited.

Tens of thousands of unpaid carers affected by confusing guidance on their earnings are set to have their debts reduced, cancelled, or refunded, in a major reassessment of cases launched by the government.

The move follows ministers' acceptance of 38 of the 40 recommendations made by the independent Sayce Review into Carer's Allowance overpayments in November 2025.

From April 2015 to September 2025, guidance on how to average irregularly fluctuating earnings was unclear and did not accurately reflect the law.

Carers juggling paid work alongside at least 35 hours of unpaid caring built up debts without realising they had exceeded the weekly earnings limit. That was a failure of the system, and this government is taking action to put it right.

The DWP will now review over 200,000 cases. Around 25,000 carers could see their debts reduced, cancelled entirely, or receive refunds where money has already been repaid. In most cases, DWP holds all the information it needs. Carers do not need to contact DWP — the department will get in touch if it needs anything further.

The exercise comes after the government took action to improve lives for carers, including increasing the weekly Carer's Allowance earnings limit by a record amount in April 2025, and increasing again to £204 net per week for 2026/27. That means some unpaid carers can now earn around £10,000 a year and still receive the benefit.

Secretary of State Pat McFadden said:

"We inherited a system that left unpaid carers building up debt through no fault of their own, something we're determined to put right.

"That's why we accepted the vast majority of the Sayce Review's recommendations and are now getting to work implementing them, kicking off the reassessment exercise to review cases impacted by unclear guidance.

“Carers are vital to our communities, and we are committed to taking action to rebuild their trust.”

Helen Walker, Chief Executive of Carers UK, said:

“We are pleased to see the government taking decisive action to start putting right the failings of the past and provide carers with the redress they deserve. The reassessment process marks an important step in tackling these systemic failures.

“Carers UK has been campaigning on the issue of Carer’s Allowance overpayments for more than seven years, and during that time we have heard from hundreds of carers who have experienced severe financial strain and emotional distress as a result.

“As we mark the 50th anniversary of Carer’s Allowance this week, it is encouraging to hear that the government is also exploring further options for reform. This is sorely needed to ensure that it properly supports and recognises the contribution of unpaid carers, while protecting them from financial hardship.”

Kirsty McHugh, Chief Executive Officer of Carers Trust, said:

“Carers Trust warmly welcome the Government’s willingness to get on with the reassessment exercise and undo historic mistakes. This will have a huge impact on thousands of unpaid carers who were penalised for no fault of their own. It has been reassuring to see the Government accept the vast majority of the recommendations of the Sayce Review, whilst the £75 million allocated by last year’s Budget is further evidence the Government is serious about righting these wrongs.

“We thank Liz Sayce for her work, alongside the carers and local carer services who shared their stories to make the Review as effective as possible. We’ll now be helping our network of 130 local carers services support carers as the reassessment exercise gets underway.”

Around half of those changes have already been made, with further reforms under way to modernise the benefit and prevent problems like this from arising again.

As well as increasing the weekly Carer’s Allowance earnings limit as part of wider efforts to bear down on the cost of living, the government is also exploring whether earnings calculations can be automated and whether the current cliff-edge earnings rule can be replaced with a tapered system, to reduce the risk of overpayments in future.

The government has also updated its guidance on fluctuating earnings to ensure that averaging is properly considered and has worked with carers and carers’ organisations to make sure its communications are clear and accessible.

2026 marks 50 years since Carer’s Allowance was introduced. The next few years will see some of the most significant reform to the benefit in its history, reflecting the government’s commitment to building fair public services that people can rely on, as part of its Plan for Change.

Additional Information:

- The reassessment exercise covers cases from April 2015 to September 2025 in which earnings-related Carer’s Allowance overpayments arose due to guidance that did not accurately reflect the statutory position on averaging irregularly fluctuating earnings.

- Advice and support for anyone whose Carer's Allowance case is or might be involved in the reassessment exercise will be available – at no cost – from the Department or from trusted partner organisations such as Carers UK and Carers Trust
- The government response to the Sayce Review was published in November 2025.
- Further information for affected carers is available here.
- This reassessment exercise is specifically limited to cases where overpayments arose due to the guidance that did not accurately reflect the statutory position on averaging irregularly fluctuating earnings between April 2015 and September 2025. Carers whose overpayments arose for other reasons are not in scope for this exercise.

<https://www.gov.uk/government/news/unpaid-carers-impacted-by-unclear-guidance-to-have-debts-cancelled>