

Factsheet 40w ● August 2024

## Deprivation of assets in the means test for care home provision in Wales



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# 1 Information about this factsheet

This factsheet looks at the rules regarding deprivation of assets in the local authority means test for care home provision.

It focuses more on capital, but the same principles exist for income.

It should be read in conjunction with Age Cymru's other factsheets on care home funding, particularly Factsheet 10w *Paying for a permanent care home placement in Wales*.

Deprivation of assets may **also** become an issue for:

- non-residential care *and/or*
- means-tested welfare benefits.

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**Note:** The information given in this factsheet is applicable in Wales. Different rules may apply in England, Northern Ireland and Scotland. Contact Age UK, Age NI and Age Scotland respectively for further information.

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## 1.1 Definitions and terminology

### Local authority social services departments

In this factsheet references to the 'local authority' or 'council' will refer to the **adult social services department of the local authority**. Elsewhere, you may hear the relevant social services department referred to by a number of similar variations, such as:

- social care department;
- adult social services;
- older persons' department; *or*
- older persons' team.

Adult social services teams are responsible, among other duties, for assessing people's need for 'care and support' or 'social care' services and deciding whether those needs meet the eligibility criteria.

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## Note: Finding contact details for your social services department

If you have internet access, you can search for your local authority using your postcode on the Welsh Government's website:

[www.gov.wales/find-your-local-authority](http://www.gov.wales/find-your-local-authority)

Alternatively, Age Cymru Advice can provide the contact details – see section 13.

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## 'Care homes'

The term 'care home' covers any establishment providing accommodation with either:

- just personal care; *or*
- personal care together with nursing care.

**Often the terms 'residential care home' and 'nursing care home' might be used to differentiate between the two types of home**, though within each of these brackets there can be variation in the types of care needs that the home may be equipped to handle (Age Cymru's Factsheet 10w *Paying for a permanent care home placement in Wales* and Factsheet 29w *Finding care home accommodation in Wales* have sections with further information on the different types of care home).

Both residential care homes and nursing care homes can provide various specialisms/services (e.g. dementia care). However, a home must not provide nursing care if it is not registered for that purpose. Some homes may have some beds registered as providing accommodation and personal care only, and other beds registered for nursing care as well.

**All care homes must be registered as 'service providers' with the regulator, the Care Inspectorate Wales (CIW), who are responsible for the inspection and registration of homes** – see section 13 below for contact details for CIW.

## 2 Legislation covering the social care system in Wales

### 2.1 The Social Services and Well-being (Wales) Act 2014 and accompanying Code of Practice guidance – relevance to the social care system in Wales

This Act was fully implemented in April 2016 and is the main legislation that covers the social care system in Wales, including:

- the social care assessment process;
- related rules in regard to arranging and paying for residential care homes and nursing care homes<sup>1</sup>;
- the guidance documents that local authorities must use when assessing needs; *and*
- the guidance documents that local authorities must use when means testing people who may need to pay towards their services.

**Many of the sections in this factsheet (and other Age Cymru factsheets on social care topics) will use this Act, and the Welsh Government Code of Practice guidance for local authorities which accompanies it, as a main source of information. References will be provided in the text where relevant.**

## 3 Background – obtaining help from your local authority and the financial means test for care home provision

This section provides a basic background to care home charging in general, before focussing – in the subsequent sections – on the specific issue of deprivation of assets and the potential effects of this in relation to the means test for permanent care home provision.

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<sup>1</sup> The Act also covers the rules in regard to arranging and paying for care at home and/or other non-residential services, though that issue is not covered in this particular factsheet.

For information on the charging procedures as a whole, see Age Cymru's Factsheet 10w *Paying for a permanent care home placement in Wales*.

### 3.1 Assessment of needs and eligibility for services

**Your local authority must carry out an assessment of your care and support needs to establish that you require a care home *before* it can assist you with the cost of the placement.**

The authority must use **national eligibility criteria** to make this decision.

This particular issue is not covered in any detail in this factsheet, but further information can be found in Age Cymru's Factsheet 41w *Social care assessments for older people with care needs in Wales*.

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**Note:** Under the *Social Services and Well-being (Wales) Act 2014* a local authority has a **legal duty** to carry out an assessment of anyone living in its area who *may* need community care services, once it becomes aware of this need.

Also, someone's right to have their needs assessment is **not** affected by the level of their financial resources or other circumstances. *However*, subsequent services provided as a result of the assessment are likely to be charged for.

How much you pay will be determined via a financial means test – see Age Cymru's Factsheet 10w *Paying for a permanent care home placement in Wales* for further details on this.

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### 3.2 The Welsh Government's guidance for local authorities on the financial means test

Most people who have been assessed as needing a care home will be expected to pay something towards the costs of their accommodation and personal care. Your **income**, **savings** and other **capital** or **assets** will generally be taken into account in determining how much you should contribute.

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## Note: Disregarded capital or income

There are certain types of capital and income that can be disregarded in the financial means test; or certain *situations* where they should be disregarded.

For information on disregards (for either income or capital), see Age Cymru's Factsheet 10w *Paying for a permanent care home placement in Wales* and 38w *Treatment of property in the means test for permanent care home provision in Wales*.

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When conducting a financial assessment of someone who needs to go into a care home – and subsequently working out what charge a service user should pay – all local authorities in Wales will need to comply with the following Welsh Government guidance document:

### **Social Services and Well-being (Wales) Act 2014: Part 4 and 5 Code of Practice (Charging and Financial Assessment) (version 7 – April 2023).**

A copy can be accessed on the Welsh Government website at:

**[www.gov.wales/code-practice-charging-social-care-services](http://www.gov.wales/code-practice-charging-social-care-services)**

This guidance – in section 2 of Annex F – also contains the information for local authorities in regard to deprivation of assets, including identifying possible deprivation and the processes to be followed where deprivation has occurred.

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**Note:** Other Code of Practice documents that may be relevant, such as *Part 3 (Assessing the needs of individuals)* and *part 4 (Meeting needs)* can be found on the Social Care Wales website at:

**[www.socialcare.wales/hub/codes-of-practice](http://www.socialcare.wales/hub/codes-of-practice)**

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### 3.3 The capital limit

There is a ‘capital limit’ in regard to the assessment of assets and/or savings in the local authority means test. This will determine whether or not someone will be expected to meet the full cost of their care home placement.

The current capital limit in Wales for the care home charging means test is **£50,000<sup>2</sup>**.

#### Capital and savings of £50,000 and above

If you have capital, assets and/or savings of £50,000 or more you will generally be expected to meet the **full cost** of your care home placement.

#### Capital and savings below £50,000

If your capital is worth less than £50,000 in total, it will be fully disregarded in the local authority means test for care home provision. **As such, you should be able to get assistance towards your care home fees from your local authority.**

Although you do not have to make any contribution towards care home fees from your capital below £50,000, you will still be expected to contribute from your day-to-day income – for example, your State Pension, or occupational/private pension. After doing so, you will be able to keep a small amount of money for spending on personal items that are not part of your care and support package (known as the ‘**minimum income amount**’ – Age Cymru’s Factsheet 10w *Paying for a permanent care home placement in Wales* has further information on this topic.).

Therefore, in cases where the local authority is making a contribution towards the fees, the authority will pay the whole fee to the care home, but receive an ‘assessed contribution’ from you (determined by the financial means test) to pay towards the overall cost.

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<sup>2</sup> It’s possible that this figure could change in April 2025. If you are reading this factsheet after April 2025, you may wish to contact Age Cymru Advice for any updates on the capital limit figure – see section 13 below for contact details.

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**Note:** If you own your own home, it will often be included as capital in the means test for a permanent care home placement. Whether or not it will be can be depend on who – if anyone – will remain living there once you have moved into a care home.

For example, the value of the property will be disregarded in the means test if it will continue to be occupied by your partner.

However, there are also other potential disregards, be they mandatory ones that the local authority has to offer, or discretionary disregards – see Age Cymru’s Factsheet 38w *Treatment of property in the means test for permanent care home provision in Wales* for further details.

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### 3.4 Local authority duties in regard to information & advice and advocacy

The *Social Services and Well-being (Wales) Act 2014* places duties on local authorities to provide “information, advice and assistance...relating to care and support”<sup>3</sup>. This would include information and advice on various issues around arranging and paying for care.

The Act also contains duties for local authorities in regard to advocacy services. If you have difficulty in expressing your views and needs and feel that this would be excessively difficult in regard to discussions on services to be provided and how you will be charged, then an advocacy service may be of help. In many instances, the duties that fall on the local authority will be to make people aware of the availability of advocacy support, should they wish to utilise this. Alternatively, in other situations the authority will have a **specific duty** to “arrange an independent professional advocate” for someone<sup>4</sup>.

Age Cymru’s other factsheets, 41w *Social care assessments for older people with care needs in Wales* and 10w *Paying for a permanent care home placement in Wales*, have further information on this topic. Also, see section 12.1 below.

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<sup>3</sup> Social Services and Well-being (Wales) Act 2014: Part 2 Code of Practice (General Functions), Welsh Government

<sup>4</sup> Social Services and Well-being (Wales) Act 2014: Part 10 Code of Practice (Advocacy), Welsh Government

## 4 Deprivation of assets and the financial means test for care home provision

### 4.1 Introduction

You may want to pass on savings or other capital to children or others during your lifetime – however, you should be aware that it can affect:

- your eligibility for local authority assistance towards the cost of care fees; plus
- your eligibility for means tested welfare benefits, such as Pension Credit.

When assessing a resident's eligibility for assistance with their care home costs, the local authority can look for evidence of deliberate/intentional deprivation of capital or assets (such as a property).

Transferring an asset, savings or money out of your name (or otherwise disposing of them by a different method), does not necessarily mean that they won't be taken into account in a means test – i.e. the local authority may be able to assess you **as if you still have the assets**.

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**Note:** The Department for Work and Pensions (DWP) will also be able to do this in regard to determining whether you are eligible for means tested welfare benefits.

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### 4.2 What is deprivation of assets?

**Deliberate deprivation occurs when an individual transfers an asset out of his/her possession (or otherwise disposes of it) in order to put themselves in a better position regarding the means test for care home accommodation – i.e. to make it more likely that they will qualify for local authority assistance towards the costs.**

Again, in regard to means tested benefits, the situation is very similar: deliberate deprivation may occur where an individual gives up an asset in order to make it more likely they will qualify for the benefit.

'Deliberate' is emphasised above, as there can be *other* reasons for transferring or disposing of an asset, savings or money, that are not motivated by an intention to avoid care charges – see sections 5 to 8 below.

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**Note:** Deprivation guidance in the context of residential care charging should not be confused with inheritance tax guidance and legislation. Further information about inheritance tax can be found in Age UK's Factsheet 12 *Planning your retirement: money and tax*.

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### 4.3 Deprivation of income

The main focus of this factsheet is on possible deprivation of **capital**. However, the Code of Practice charging guidance (see section 3.2 above) *also* allows a local authority to use its discretion to assess whether eligible **income** has been deliberately removed from the reach of the means test.

Examples given in the guidance include:

- “income that would be available on application but has not been applied for”;
- “income that is due but has not been received”; **or**
- “income that the person has deliberately deprived themselves of for the purpose of reducing the amount they are liable to pay for their care and support”<sup>5</sup>.

Also see section 10 below for further information.

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<sup>5</sup> Social Services and Well-being (Wales) Act 2014: Part 4 and 5 Code of Practice (Charging and Financial Assessment), Welsh Government (version 7 – April 2023).

## 5 The Code of Practice guidance and deprivation of assets

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**Note:** References to the ‘Code of Practice’ in this, and the following sections of the factsheet, should be read to mean the *Social Services and Well-being (Wales) Act 2014: Part 4 and 5 Code of Practice (Charging and Financial Assessment) (version 7 – April 2023)*.

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### 5.1 Examples in the Code of Practice

The term deprivation covers a broad range of ways in which the owner of an asset might give it away or transfer it out of his or her possession. The Code of Practice guidance gives the following examples:

- A lump-sum payment, such as a gift, has been made to someone else.
- Transferring the title deeds of a property to someone else.
- Putting money/assets into a trust that cannot be revoked.
- Converting money into another form that is usually disregarded from the means test – for example, expensive personal possessions.
- Reducing capital through “living extravagantly” – for example, substantial expenditure on items such as luxury holidays, “buying an expensive sports car”, or by generally following a much higher standard of living than the person would normally have been able to afford (for example, “substantial expenditure has been incurred suddenly and is out of character with previous spending”).
- In some instances, the use of capital “to purchase an investment bond with life insurance”<sup>6</sup>.

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**Note:** Other courses of action, such as selling an asset for less than its true value, may also be seen as deprivation. The list provided in the Code of Practice guidance is not an exhaustive one.

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<sup>6</sup> Ibid

## 5.2 Repayments of debts

The Code of Practice guidance provides the following advice in regard to paying off debts and deliberate deprivation of capital:

“Where an asset has been used by a person to meet any debt that would otherwise remain, even if that is not immediately due, this **must not** be considered as deprivation but as a normal use of financial resources by a person to meet expenses”<sup>7</sup>.

## 5.3 Other reasons for disposing of assets?

Disposal of assets is not necessarily carried out to avoid a charge for accommodation or to gain assistance sooner than would otherwise have been the case. The local authority has to show that this **intention** was there before it can take transferred capital into account<sup>8</sup> – see section 5.4 below.

The Code of Practice recognises that, generally, people with care and support needs are “free to spend their income and use their capital assets as they see fit, including making gifts to friends and family [and this can be] important for promoting their well-being and enabling them to live independent lives”.

However, it is then stressed that “**while this is the case it should not be done deliberately to avoid charges [altogether] or to reduce their liability for charges due to reduced financial means**”<sup>9</sup>.

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**Note:** The guidance doesn’t specify what would be a legitimate gift to make to, say, a family member and not amount to deprivation.

However, it could be that this would be gifts of relatively low value for someone’s birthday, for example – whereas, a large lump sum would be a lot more likely to be viewed as a deliberate attempt to avoid, or reduce, care fees.

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<sup>7</sup> Ibid

<sup>8</sup> The same would also be the case in regard to means tested welfare benefits and decision makers at the Department for Work and Pensions (DWP).

<sup>9</sup> Social Services and Well-being (Wales) Act 2014: Part 4 and 5 Code of Practice (Charging and Financial Assessment), Welsh Government (version 7 – April 2023).

## 5.4 When is deprivation deliberate – the question of ‘intention’, ‘motive’, ‘timing’ and ‘foreseeability’

The Welsh Government guidance to local authorities suggests that the *timing* and *motive* behind a transfer of assets by a care home resident (or prospective resident) should be taken into account. For example, as discussed above, there could be other motives for transferring an asset, so in order for it to amount to deliberate deprivation, the *intention* to avoid accommodation charges must be a significant part of the reason for taking this action.

The **timing** of a particular action is likely to be a big factor in establishing the **intention** and/or **motive**.

For example, at the point that the capital was transferred or disposed of “could the person have had a reasonable expectation of the need for care and support, even if at this point they were not yet receiving this”<sup>10</sup> (in other words could it be said that it was obviously **foreseeable** to the person that they were going to require care in the near future).

In addition to the above, the Code of Practice stresses that local authorities would also need to consider whether:

“the person [would] have had a reasonable expectation of needing to contribute towards the cost of this [care] either now or at some future point”.

In other words, did the person make “a conscious decision to [transfer or dispose of an asset] **in the knowledge that to do so would have such an effect [of reducing] their charge**” (emphasis added).

The Code of Practice guidance to local authorities concludes that:

**“it would be unreasonable to decide that deprivation had occurred where if at the time the disposal took place [the person] were fit and healthy and could not have foreseen any need for care and support in the foreseeable future”<sup>11</sup>.**

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<sup>10</sup> Ibid

<sup>11</sup> Ibid

## Are there any time limits in relation to deprivation of assets?

There are **no set time limits** beyond which a local authority has to ignore transfers of assets, though it may be more difficult for a local authority to argue that deliberate deprivation has occurred the further back a transaction took place – for example, would someone have *foreseen* their need for care if the action took place quite a long time in the past.

However, it is not a black and white issue and, depending on circumstances, the local authority may still believe that the *intention* was to reduce care costs in the future. The authority would need to view each case on an individual basis.

## 6 Local authority investigations

It is worth noting that local authorities are able to conduct investigations into whether deprivation has occurred, “rather than relying solely on the declaration of the person [concerned]”.

“There is separate guidance under the *Regulation of Investigatory Powers Act 2000* which sets out the limits to a local authority’s powers to investigate”. Authorities must have regard to this Act in any investigations they undertake<sup>12</sup>.

## 7 Examples of where a local authority may find deliberate deprivation has taken place

The Welsh Government’s Code of Practice does not contain any hypothetical examples of situations where deprivation of assets would be suspected by a local authority. However, equivalent guidance for authorities in England contains the following two examples.

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**Note:** Although care home charging rules in England and Wales are based on different legislation – the *Care Act 2014*, rather than the *Social Services and Well-being (Wales) Act 2014* – the rules on deprivation of assets are very similar, so these examples can still be useful for illustrative purposes.

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<sup>12</sup> Ibid



### Example 1

- “Emma gives her daughter Imogen a painting worth £2,000 the week before she enters [a] care home. The local authority should not consider this as deprivation as the item is a personal possession and would not have been taken into account in her financial assessment. **However**, if Emma had purchased the painting *immediately prior* to entering a care home to give to her daughter with £2,000 previously in a savings account, deprivation **should** be considered” (emphasis added).

### Example 2

- “Mrs Kapoor has £18,000 in a building society and uses £10,500 to purchase a car. Two weeks later she enters a care home and gives the car to her daughter Juhie. If Mrs Kapoor *knew* when she purchased the car that she would be moving to a care home, then deprivation **should** be considered. However, all the circumstances must be taken into account so if Mrs Kapoor was admitted *as an emergency and had no reason to think she may need care and support when she purchased the car*, this should **not** be considered as deprivation”<sup>13</sup> (emphasis added).

## 8 Case law regarding deprivation of assets

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**Note:** Case law has offered differing interpretations of what is required for local authorities to show that deliberate deprivation has occurred. It should be noted that the two cases outlined below pre-date the introduction of the *Social Services and Well-being (Wales) Act 2014* which covers care home charging in Wales (and also pre-date more recent legislation in England). The cases can still be said to be useful background information in regard to the current situation, however, as the general principles on deprivation of assets have not changed significantly with the more recent legislation.

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<sup>13</sup> Care and Support Statutory Guidance: Using the Care Act guidance (updated 28 March 2024), Department of Health & Social Care (UK Government) (available at: [www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance](http://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance)).

## Yule v South Lanarkshire Council (1999)

In this case, Mrs Yule had transferred her property to her granddaughter a year before any significant deterioration in her health. There was no evidence that Mrs Yule was aware of the capital limit and charging rules when the transfer was made. However, the judge came to the conclusion that it was legitimate for the local authority to make a decision based on the information available to it, and so draw a reasonable inference about the resident's intentions without necessarily having **specific evidence** about them.

In other words, the local authority was not required to have to prove Mrs Yule's exact level of knowledge on the charging system, or intention behind the transfer, as long as it seemed 'reasonable' – given the background circumstances – to conclude that avoidance of care charges must have been, at least in part, a motivation behind the actions taken. This judgement was also later upheld (though the approach was questioned in a later case – see *Beeson v Dorset County Council* below).

In the judge's summing up of the Yule case, it would appear that timing was not seen as the paramount issue – rather, the main question was whether it was likely that any other 'reasonable' council in that scenario would also be of the opinion that 'deprivation of capital' had occurred.

The judge indicated that a significant factor in allowing the council to legitimately argue that deprivation had taken place was the absence of a reasonable explanation from Mrs Yule and her family as to why the property was transferred at that specific time.

For example, there was no suggestion of pressing need to be allocated the property on the part of Miss Yule (the granddaughter). Therefore, the judge took on board the council's argument that Mrs Yule could have instead achieved the same end result – i.e. giving the property to her granddaughter – through leaving the property to her in her will.

Furthermore, the Yule judgement sought to argue that deprivation of assets in regard to the care home financial assessment/charging regulations should be looked at differently to deprivation in regard to means-tested social security benefits because:

“the purpose of the individual [that is, the decision to take actions to reduce/avoid care costs] may have formed possibly some time ahead of the prospect that he or she might require to enter such residential accommodation”<sup>14</sup>.

### **R (Beeson) v Dorset County Council (2002)**

**It can be argued that the Yule decision, however, is inconsistent with a later decision made in the English High Court, *Beeson v Dorset County Council*.**

In this case:

“Mr Beeson senior transferred his house to his son by deed of gift, his stated reason being that he wished to ensure his son had a home if he needed it following the breakdown of his marriage. He then continued to live in the house for two years before being assessed by the council as being in need of residential care”.

“His wish had been to live at home as long as possible and to die there. He [had previously] returned home after several spells in hospital and received home care. At the time of the transfer, social services had not mentioned the possibility of residential care being required, but the council took the view that residential care was an inevitability and that this was the motive in making the transfer [and therefore a deprivation of capital had occurred]”.

Accordingly, the authority sought to treat “the house as notional capital”<sup>15</sup> (see section 9.1 below for further information on the concept of notional capital).

However, the authority’s decision was challenged and in the course of examining this challenge, the judge questioned the approach adopted in Yule, stating that:

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<sup>14</sup> Clements, L and Thompson, P (2011). *Community Care and the Law* (5<sup>th</sup> edition), Legal Action Group.

<sup>15</sup> Clements, Luke (2017). *Community Care and the Law* (6<sup>th</sup> edition), Legal Action Group.

**“Although the court [in the Yule case] held that it is not necessary for the claimant to know of ‘the’ capital limit and that no specific finding is required as to the exact state of knowledge or intention of the applicant, I do not see how an applicant could be found to have the relevant purpose [i.e. their transaction having the purpose of avoiding care charges] unless he was aware of the possibility that he might be provided with accommodation and that he might be liable to pay for it”<sup>16</sup>.**

The judge distinguished the Beeson case to that of Yule “due to the existence of evidence from [Mr Beeson’s] family about his and their state of mind at the relevant time” which added weight to the argument that the purpose behind the transfer was not to reduce liability for care charges and, therefore, was not deliberate deprivation<sup>17</sup>.

The local authority was also criticised for rejecting evidence provided by Mr Beeson’s son without sufficient explanation. The authority’s “decision was therefore quashed and had to be reconsidered”<sup>18</sup>.

**Local authorities should be able to provide adequately reasoned decisions – including the justification for rejecting any evidence, particularly if other evidence *is* accepted.**

## **9 What will the local authority do if deliberate deprivation of assets is decided?**

Where deliberate deprivation has taken place, the local authority has two main options for obtaining the care fees that the care home resident should be paying:

- “Charge the person as if they were still in possession of the asset” (through the inclusion of ‘notional capital’ in their financial means test – see section 9.1 below); **or**

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<sup>16</sup> Beeson v Dorset County Council, cited in Winfield, H and Vaux, G (2009). Paying for care handbook: A guide to services, charges and welfare benefits for adults in need of care in the community or in care homes (6<sup>th</sup> edition), Child Poverty Action Group

<sup>17</sup> Ibid

<sup>18</sup> Clements, Luke (2017). Community Care and the Law (6<sup>th</sup> edition), Legal Action Group.

- “seek to recover the lost income” (from charges that the care home resident would otherwise have paid) **from the person that an asset was transferred to** – see section 9.2 below.

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**Note:** If necessary, with both of the scenarios outlined above, the local authority may be able to take legal action to obtain outstanding charges, if someone was unwilling to pay their contribution – see section 9.3 below.

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## 9.1 Inclusion of notional capital in the means test

For the purposes of the care home charging financial means test, if you are found to have deliberately deprived yourself of capital, you will be treated as having ‘**notional capital**’ equivalent to the value of the capital which has been disposed of. Therefore, how much you should contribute towards your care fees will be assessed accordingly – that is, the resident will be expected to contribute towards their care fees in line with what they would have been assessed as being able to pay, **had they still actually been in possession of the asset**.

The local authority would then need to decide how they will go about obtaining any care charges that they are owed. If a debt to the authority occurs as a result, it can take action to recover this – see section 9.3 below.

If the notional capital added to your *actual* capital comes to more than the **£50,000** capital limit, the local authority may assess you as being able to meet the full cost of your care (i.e. self-fund), even though your actual capital is less than the limit (it’s worth noting here that – even though self-funders have to meet all the fees themselves – they do have the right to ask the local authority to *arrange* their care).

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**Note:** Should you want to claim a means tested welfare benefit, such as Pension Credit, the Department for Work and Pensions (DWP) may also assess you as having notional capital, in a similar way.

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### Diminishing notional capital

Having included notional capital in your finances, the local authority will apply ‘diminishing notional capital rules’ to work out when you should become eligible for funding in the future:

“Where a person has been assessed as having notional capital, the value of this **must** be reduced over time. The rule is that the value of notional capital **should** be reduced weekly by the difference between the weekly rate the person is paying for their care and support and the weekly rate they would have paid if notional capital did not apply”<sup>19</sup>.

## 9.2 Local authority powers to pursue the person to whom an asset has been transferred

Under the *Social Services and Well-being (Wales) Act*, where someone has transferred an asset to a third party (a ‘transferee’) as an act of deliberate deprivation **the transferee will be liable to pay the local authority the difference between the fees it has received from the care home resident and what the resident would have paid in total had the transfer not taken place.**

“If the person has transferred assets to more than one transferee, each of those people is liable to pay the local authority the difference between what it would have collected and what it did collect in charges as a result of the transfer, in proportion to the amount they received”<sup>20</sup>.

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**Important:** Under previous legislation (and as detailed in the Welsh Government’s old guidance to local authorities based upon this), an authority could only pursue the third party for the costs if the transfer took place within the last six months prior to the resident’s admission to the care home (though the six-month limit only applied to this particular power of recovery – the authority could still use other routes).

However, in the Code of Practice guidance to support the *Social Services and Well-being (Wales) Act*, **there is no mention of any time limit in regard to pursuing the transferee.**

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<sup>19</sup> Social Services and Well-being (Wales) Act 2014: Part 4 and 5 Code of Practice (Charging and Financial Assessment), Welsh Government (version 7 – April 2023).

<sup>20</sup> Ibid

## 9.3 Local authority actions to obtain care charges – powers of enforcement/recovery

### Powers afforded by the Social Services and Well-being (Wales) Act

In situations where deliberate deprivation of assets has taken place and, as a result, outstanding care costs are owed to the local authority, the authority should at first seek to recover the costs, as outlined above, at the beginning of section 9.

Assuming that the people concerned – be it the care home resident (via notional capital arrangements), or the transferee – agree to the contributions that the authority has indicated they should make, then there should be no need for any powers of enforcement or recovery to be invoked. However, in particular circumstances this option will be available to authorities. The Code of Practice guidance explains this issue as follows:

“As with any other debt, the local authority can ultimately use the courts to recover debts should they wish, but this **should only** be used *after* other avenues of securing the debt have been exhausted”<sup>21</sup> (emphasis added).

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**Note:** Authorities are also cautioned that they should be mindful “of the client group with which they are dealing. Unlike council tax or rent arrears debt, a local authority is not dealing with a potentially healthy general population but those with a physical or sensory impairment, or potentially older frail people”. Hence in considering potential cases of deprivation local authorities should bear in mind “the needs and characteristics of these clients given that financial assessment and charging processes can be confusing and complex. The recovery of a [resultant] debt from those in this situation is therefore a sensitive issue given their potential vulnerability and a local authority’s ultimate responsibility to meet needs”<sup>22</sup>.

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### Other recovery routes

As an alternative to powers within the *Social Services and Well-being (Wales) Act*, the Code of Practice advises that:

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<sup>21</sup> Ibid

<sup>22</sup> Ibid

“Local authorities may also want to consider other options that may be available to them in the recovery of debts. For example, *Section 423* of the *Insolvency Act 1986* provides additional routes to recover debts where a person may [have] transferred or sold their assets to a third party at a price that is lower than the market value...in considering such options, a local authority **should** obtain its own legal advice”<sup>23</sup>.

## 10 What will the local authority do if deliberate deprivation of income is decided?

### 10.1 Inclusion of notional income in the means test

Similarly to notional capital – as outlined in section 9 above – if a local authority **“considers that a person [has] deprived themselves of income, they may treat them as possessing notional income for the purposes of a financial assessment”**<sup>24</sup>.

The Welsh Government’s Code of Practice Guidance advises the following in relation to notional income:

“In all cases where a local authority plans to take notional income into account it must satisfy itself that the income would or should have been available to the person”.

Also, “where notional income is included in a financial assessment, it must be treated the same way as actual income. Therefore any income that would usually be disregarded should continue to be so”<sup>25</sup>.

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<sup>23</sup> Ibid

<sup>24</sup> Ibid

<sup>25</sup> Ibid



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**Note: Where income would be available to the person, but has not been applied for**

In this scenario, the guidance advises that, “notional income should be calculated [by the local authority] from the date it could be expected to be acquired if an application had been made. In doing so, a local authority **must** assume the application was made when it first became aware of the possibility and take account of any time limits which may limit the period of arrears<sup>26</sup>.”

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## 10.2 Notional income and pensions freedoms

In April 2015, the UK Government introduced flexibility in terms of how people could access defined contribution pensions, including enabling people to access their full pension pot as a cash sum.

In relation to this in the context of the means test for social care services, the Welsh Government’s Code of Practice Guidance advises that notional income should be applied where “a person who has reached [State Pension] retirement age...has a personal pension plan but has not purchased an annuity or arranged to draw down the equivalent maximum annuity income that would be available from the plan”.

It further states that, “estimates of the notional income in this case can be received from the pension provider or from estimates provided by the UK Government Actuary’s Department”<sup>27</sup>.

## 10.3 If income was converted into capital

The Code of Practice guidance also advises local authorities that “in some circumstances...income may have been converted into capital”.

As such, they “should consider the level of the capital limit and whether the subsequent change made a material change to the charge which was imposed for the person’s care and support”<sup>28</sup>.

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<sup>26</sup> Ibid

<sup>27</sup> Ibid

<sup>28</sup> Ibid

## 10.4 Exemptions where notional income shouldn't be applied

The Code of Practice guidance advises that the following sources of income must not be treated as notional income:

- Working Tax Credit;
- “income payable under a discretionary trust”;
- “income payable under a trust derived from a payment made as a result of a personal injury where the income would be available but has not yet been applied for”;
- “income from capital resulting from an award of damages for personal injury that is administered by a court”; *or*
- occupational pension income which is not being paid because:
  - “the trustees or managers of the scheme have suspended or ceased payments due to an insufficiency of resources”; *or*
  - “the trustees or managers of the scheme have insufficient resources available to them to meet the scheme’s liabilities in full”<sup>29</sup>.

## 11 Other issues regarding transfers of assets – additional issues beyond care home funding, including potential unintended consequences of making a transfer

The nature of the rules on deliberate deprivation of assets means that it is **not** possible to predict with certainty whether the local authority will raise the issue during any future financial means test.

Also, they will not usually advise you *beforehand* how they might treat a particular transfer at a later time<sup>30</sup>.

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<sup>29</sup> Ibid

<sup>30</sup> The same will also be the case in regard to the Department for Work and Pensions (DWP) and means tested benefits, such as Pension Credit.

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### Note: Legal advice

It is advisable to seek legal and financial advice before transferring an asset. Age Cymru cannot provide advice about this area of law. The *Law Society* produces guidance for solicitors on gifts of property and the implications for long-term care which you can view at the following link. If you consult a solicitor, **it would be important to establish that they are fully aware of these guidelines:**

[www.lawsociety.org.uk/support-services/advice/practice-notes/making-gifts-of-assets](http://www.lawsociety.org.uk/support-services/advice/practice-notes/making-gifts-of-assets)

The Law Society website also contains a database where you can search for solicitors based on specialist areas of expertise and location – see section 13 below for contact details.

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## 11.1 Issues for the present owner of an asset to consider

Many older people do not require long-term care in a care home. Quite apart from the issues surrounding care home funding discussed above, **transferring assets to another person could potentially have significant consequences even if you do not subsequently need to enter a care home.**

Some potential issues below apply specifically if you are considering whether to transfer your home. Others apply to the transfer of *any* capital asset. For example:

- Once an asset has been transferred out of your name you no longer have any control over it and it is not always possible to rely on the new owner acting in accordance with your wishes.
- You would also need to consider how you might be affected if disagreements arise in the future (for example disputes amongst family members), or if circumstances change unexpectedly (such as by marriage, the birth of a child, divorce or death).
- You may at some point want to move from your current property to somewhere more suitable (perhaps for health reasons, or to a smaller property that is easier to maintain). If the property has been transferred you will require the new owner's agreement to sell it in order to release funds to purchase the new property.

- If you no longer own your home you will not be able to raise income or capital against the equity in it.
- If you retain the right to live rent free in your former home this may be treated as a 'gift with a reservation' for inheritance tax purposes and the property included in your estate.
- If the new owner marries, divorces, dies or uses the property as security for a loan, your position may be affected.

## 11.2 Issues affecting the new owner of an asset

There may also be issues for a potential new owner/s to consider:

- The new owner may become responsible for the upkeep and maintenance of the property. To avoid possible disputes it should be made clear who is responsible for these tasks at the outset.
- Any means-tested benefits the new owner receives – such as Universal Credit, Income-based Jobseekers Allowance, Income-related Employment and Support Allowance, Pension Credit, Housing Benefit or an award from the local authority's Council Tax Reduction Scheme – are likely to be affected by taking possession of a property or other assets.
- The new owner may become liable for Capital Gains Tax at some point in the future.

## 12 Disputing a decision / making a complaint

If you do not agree with a decision made by a local authority about deprivation of assets, you can request to have the decision reviewed and, if necessary, use the **local authority complaints procedure**. Details of this procedure should be available on request from the authority.

Age Cymru's Factsheet 59w *How to resolve problems and make a complaint about social care in Wales* has further information on this topic, including:

- local authority social services complaints procedures and how they should operate;
- how to submit a complaint;

- what to expect when you do;
- information on organisations that may be able to assist you to make a complaint (such as Llais – a body that represents the voices and opinions of the public in regard to social care and health services); *and*
- the Public Services Ombudsman for Wales (who you may be able to elevate your complaint to if the local authority’s response is not satisfactory).

## 12.1 Support from an advocacy service

A local Age Cymru organisation, or other charitable or voluntary group, may offer an advocacy service that could offer you support or assistance with a complaint – see section 13 below for details about contacting your local Age Cymru (if they don’t run one themselves, they may be able to provide contact details for a similar service in your area).

You can also find a list of advocacy services (within each local authority area) on our website at:

**[www.ageuk.org.uk/cymru/our-work/advocacy/hope---helping-others-participate-and-engage/advocacy-services-in-wales](http://www.ageuk.org.uk/cymru/our-work/advocacy/hope---helping-others-participate-and-engage/advocacy-services-in-wales)**

The Public Services Ombudsman for Wales website also has a list of organisations that may be able to offer advocacy services at:

**[www.ombudsman.wales/advice-advocates](http://www.ombudsman.wales/advice-advocates)**

## 13 Useful organisations

### Age Cymru Advice

Free and confidential information and advice on matters affecting the over 50s in Wales.

**Tel: 0300 303 44 98**

**E-mail: [advice@agecymru.org.uk](mailto:advice@agecymru.org.uk)**

**Website: [www.agecymru.org.uk/advice](http://www.agecymru.org.uk/advice)**

## Age Cymru organisations (local)

Your local Age Cymru may be able to provide advice and support on a range of issues. **Age Cymru Advice** can provide details of your local Age Cymru (see above), or visit the Age Cymru website at:

[www.agecymru.org.uk/local](http://www.agecymru.org.uk/local)

## CareHomes.Wales

This website is run by Data Cymru (a Welsh local government company with a Board of Directors elected by the Welsh Local Government Association). All care homes for adults in Wales should be listed on the site, with basic information updated directly from the Care Inspectorate Wales (CIW) on a weekly basis. Information will be listed of the type of care provided, contact details for the home, plus links to the most recent inspection report. You should also be able to see if the home has any vacancies.

E-mail: [support@CareHomes.wales](mailto:support@CareHomes.wales)

Website: [www.carehomes.wales](http://www.carehomes.wales)

## Care Inspectorate Wales (CIW)

CIW inspects and regulates care and social services in Wales.

Tel: 0300 7900 126

E-mail: [ciw@gov.wales](mailto:ciw@gov.wales)

Website: [www.careinspectorate.wales](http://www.careinspectorate.wales)

## Carers Wales

A charity providing information, advice and practical and emotional support for carers.

Tel: 029 2081 1370

E-mail: [info@carerswales.org](mailto:info@carerswales.org)

Carers UK Helpline: 0808 808 7777

Website: [www.carerswales.org](http://www.carerswales.org)

## **Citizens Advice**

National network of free advice centres offering confidential and independent advice, face to face or by telephone.

Tel: 0800 702 2020

Details of your nearest CAB can be found at:

[www.citizensadvice.org.uk/wales](http://www.citizensadvice.org.uk/wales)

## **Dewis Cymru**

This is a website owned and funded by local authorities across Wales. The site was set up by the Welsh Government to assist in the delivery of certain provisions in the *Social Services and Well-being (Wales) Act*. The Dewis Cymru site contains an extensive database of a wide variety of services that can help people with their well-being.

[www.dewis.wales](http://www.dewis.wales)

## **Equality Advisory & Support Service**

A helpline that can advise people on equality and human rights issues.

Tel: 0808 800 0082

Website: [www.equalityadvisoryservice.com](http://www.equalityadvisoryservice.com)

## **Law Society (The)**

The representative body of solicitors in England and Wales. The Law Society cannot help with legal problems but has produced extensive guidelines for solicitors on gifting assets and funding long-term care. You can use the Law Society's database to search for legal firms based on their location and areas of law covered. This is available at:

<http://solicitors.lawsociety.org.uk>

## Llais

A body that represents the voices and opinions of people in Wales in regard to health and social care services.

Tel: 029 20 235558

E-mail: [enquiries@llaiscymru.org](mailto:enquiries@llaiscymru.org)

Website: [www.llaiswales.org](http://www.llaiswales.org)

Contact details for your local Llais team: [www.llaiswales.org/in-your-area](http://www.llaiswales.org/in-your-area)

## Older People's Commissioner for Wales

Independent champion for older people across Wales.

Tel: 03442 640 670

E-mail: [ask@olderpeople.wales](mailto:ask@olderpeople.wales)

Website: [www.olderpeople.wales](http://www.olderpeople.wales)

## Public Services Ombudsman for Wales

The Ombudsman looks to see whether people have been treated unfairly or have received a bad service from a public body, such as a local authority or the NHS. People who fully self-fund their care also have the right to escalate a complaint about those services to the Ombudsman.

Tel: 0300 790 0203

E-mail: [ask@ombudsman.wales](mailto:ask@ombudsman.wales)

Website: [www.ombudsman.wales](http://www.ombudsman.wales)

## Welsh Government

The devolved government for Wales.

Tel: 0300 060 4400

E-mail: [customerhelp@gov.wales](mailto:customerhelp@gov.wales)

Website: [www.gov.wales](http://www.gov.wales)

# 14 Further information about Age Cymru

## 14.1 Who we are

**Age Cymru is the national charity for older people in Wales. We work to develop and deliver positive change with and for older people.**



Together with our local partners:

- we provide information and advice;
- we deliver wellbeing programmes;
- we provide independent advocacy;
- we support carers; *and*
- we campaign and research.

## **Age Cymru**

Mariners House  
Trident Court  
East Moors Road  
Cardiff  
CF24 5TD

029 2043 1555

[www.agecymru.org.uk](http://www.agecymru.org.uk)

Registered Charity 1128436

## 14.2 **How we can help**

### **Age Cymru Advice: our information and advice service for matters affecting people over 50 in Wales**

Age Cymru Advice is committed to being the foremost information and advice service to older people in Wales. We aim to provide effective, accessible, high-quality information and advice while offering a free, impartial and confidential service. Age Cymru Advice can assist older people themselves, their family, friends, carers, or professionals. All of our guides and factsheets are available to download from our website, or you can contact our advice line to have copies posted to you for free.

### **Local support**

Age Cymru Advice also acts as a gateway to our local services. Face to face support via local offices and home visits may be available to people requiring additional or more specialised support.

## Getting in touch

If you want to talk to one of our expert advisers, in Welsh or English, call us on **0300 303 44 98**. Our advice line is open between 9am and 4pm, Monday – Friday.

(Calls are charged at the same rate as a call to a standard 01 or 02 number. They will also be automatically included in any landline or mobile inclusive minutes package).

You can also:

- email us at [advice@agecymru.org.uk](mailto:advice@agecymru.org.uk); *or*
- visit our website at [www.agecymru.org.uk/advice](http://www.agecymru.org.uk/advice)



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and advice for the people of Wales





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[www.twitter.com/agecymru](https://www.twitter.com/agecymru)



[www.youtube.com/agecymru](https://www.youtube.com/agecymru)

### Sign up to our newsletter

Our quarterly newsletter contains details of our campaigns, services and how you can support our work. Sign up today by visiting:

[www.agecymru.org.uk/agematters](http://www.agecymru.org.uk/agematters)

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## 14.3 How you can help

All the information and advice we provide is free and completely impartial. In many cases our timely intervention can be life changing. We are an ageing population and more people than ever are coming to us for support. You can help us be there for those that need us most.

### Make a donation

No matter how small or large, donations make a massive difference and help us continue our important work.

Call: **029 2043 1555**

Visit: **[www.agecymru.org.uk/donate](http://www.agecymru.org.uk/donate)**

Every donation we receive helps us be there for someone when they need us.

- £10 helps towards a fully trained expert advice worker to respond to queries from people who need the support of our information and advice service.
- £20 helps towards the cost of us producing free information guides and factsheets that provide useful advice on issues affecting people over 50.

### **Fundraise**

Whether it is having a bake sale, running a marathon or knitting small hats for the Big Knit, there are so many ways to raise vital funds to support our work.

Call: **029 2043 1555**

Visit: **[www.agecymru.org.uk/getinvolved](http://www.agecymru.org.uk/getinvolved)**

### **Volunteer with us**

All volunteer roles at Age Cymru support us to improve lives. However you'd like to get involved, we'd love to hear from you.

Call: **029 2043 1555**

Visit: **[www.agecymru.org.uk/volunteer](http://www.agecymru.org.uk/volunteer)**

### **Leave us a gift in your will**

With a gift to Age Cymru in your will, you can do so much to make sure older people have the support they deserve in the years to come. Leave a world less lonely.

Call: **029 2043 1555**

Visit: **[www.agecymru.org.uk/legacy](http://www.agecymru.org.uk/legacy)**

