



counsel + care   
for older people, their families and carers

factsheet

Counsel and Care factsheet: 1

# Deprivation of capital: what can I spend before moving into a care home?

## Deprivation of capital

The guidance around 'deprivation of capital' states that 'intention' is a key factor in the transfer of property or capital. Where a local council Social Services believes that capital or ownership of a property was transferred with the intention of avoiding paying care home fees, the local council Social Services may decide that this amounts to 'deprivation of capital'. If the local council Social Services makes this decision, it sees you as still having that capital or property and will include the full value in your financial assessment. If the value is over £23,000 (England), £22,500



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

ADVICE LINE: 0845 300 7585 (local call rate)

Your donations, legacies and payroll giving enable Counsel and Care to get the best care and support for older people, their families and carers

(Scotland) and £22,000 (Wales) you would be expected to fund your own care until your capital drops to that level. There is no time limit on the transfer of assets. However, the local council Social Services would need to look at different factors including the reasons for transfer and whether or not it could be foreseen, at the time of the transfer, that it was likely that you would need care.

### **Financial assessment**

A definitive statement about what you can spend before moving into a care home cannot be given as it is at the council's discretion whether someone has deprived themselves of capital. This decision will be made at the time of the **financial assessment** in accordance with the **Charging for Residential Accommodation Guide (CRAG** – available at [www.dh.gov.uk](http://www.dh.gov.uk)). (Please see guides **16: Care Home Fees: paying them in England, 52 (Scotland) or 72 (Wales)** for more information.) It can also be a retrospective decision if the council finds out at a later date that, for example, someone bought a lot of expensive jewellery just before the financial assessment.

The following scenarios give a general guide to what you can spend from your savings/capital before reaching the **upper capital limit** (currently £23,000 in England, £22,500 in Scotland and £22,000 in Wales).

## Scenarios

The scenario below demonstrates where the council may decide that 'deprivation of capital' took place and, therefore, refuse to help with the cost of care because they treat you as having **notional** income (as if you still have the capital from the asset that you deprived yourself of):

*Where someone is living at home, is reasonably sure that they will need residential care in the 'near future', and spends a large sum or sums of money in a short space of time on things they would not normally spend it on. For example, an older person giving thousands of pounds to a relative or buying an expensive painting.*

The following is a scenario showing when the council may decide that 'deprivation of capital' did not take place and accept responsibility for contributing to your care home fees:

*Where someone due to move into a care home and with capital over the upper capital limit, spends money in the normal routine of life. For example, by treating themselves to nights out at the theatre, dinner with friends or giving some money/presents to grandchildren at birthdays and Christmas.*

These examples are meant as a guide only and should not be taken as a definitive statement on 'deprivation of capital'. It is a largely subjective term and is at the discretion of the council

should they be asked to contribute to the cost of your care home fees.

### **Savings below the lower capital limit**

If you are in or moving to a care home and have less than the **lower capital limit** (currently £14,000 in England, £13,750 in Scotland and £20,750 in Wales) your savings are discounted from the financial assessment and you can spend this as you like, but you will still have to contribute from your income (pension etc). Please see guides **16: Care Home Fees: paying them in England**, **52 (Scotland)** or **72 (Wales)** for more information.

The council will assume that you have £1 extra income per week on top of your pension(s) for every £250 you have between the lower and upper capital limits. For further explanation of what happens if you have capital between the lower and upper capital limits please see the above named guides for more information about **'tariff income'**.

### **Inheritance tax allowance**

There is not a direct link between the two. As far as we understand it, if you use the inheritance tax exemption allowance of £3000 per year to gift to family or friends when you are above the upper capital limit, the council may view this as deprivation of capital when assessing care home fee charges.

## Further information

Counsel and Care is a national charity; however the creation of the Scottish Parliament, and the Welsh and Northern Ireland Assemblies means there are differences in the ways each region cares for and supports older people. The information in this factsheet applies essentially to England although there may be similarities with Scotland, Wales and Northern Ireland.

If you need further information or advice about deprivation of capital or capital as it relates to financial assessments please see the other factsheets in this series or our guides at [www.counselandcare.org.uk/helping-you/guides](http://www.counselandcare.org.uk/helping-you/guides). All our factsheets and guides can also be ordered by telephoning our guide order line on **0207 241 8522**.

Alternatively, if you have a query in relation to deprivation of capital or funding, you may want to contact our advice line on **0845 300 7585** or send your enquiry by email to [advice@counselandcare.org.uk](mailto:advice@counselandcare.org.uk).

Counsel and Care is the national charity working with older people, their families and carers to get the best care and support. If you have found our service helpful, please consider making a donation or leaving a legacy in your Will. You can arrange either by telephoning 020 7241 8555 or using the secure service on our website [www.counselandcare.org.uk](http://www.counselandcare.org.uk).

Counsel and Care  
Twyman House  
16 Bonny Street  
London NW1 9PG

Tel.: **0845 300 7585** (local call rate)  
Email: **[advice@counselandcare.org.uk](mailto:advice@counselandcare.org.uk)**  
Website: **[www.counselandcare.org.uk](http://www.counselandcare.org.uk)**

Registered Charity No. 203429 Counsel and Care for the Elderly

We are a member of the Federation of Information and Advice Centres (FIAC)

**As a charity we rely on donations**

© Counsel and Care April 2009