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other person having an interest in obtaining a waiver of the claim, caused or contributed to the accrual of the overpayment. The Department considers a debtor or any other person having an interest in obtaining a waiver of the claim to have caused or contributed to the accrual of an overpayment if—

(1) Payment resulted from the individual’s incorrect but not fraudulent statement, which the individual knew or should have known to be incorrect; or

(2) Payment resulted from the individual’s failure to disclose facts in his or her possession which the individual knew or should have known were material, when the Department has identified that the individual has a duty to report and has clearly notified the individual of this reporting requirement.

(3) The following factors may affect the decision as to whether the debtor is or is not at fault where the debtor submitted an incorrect statement, or the debtor failed to disclose material facts in his or her possession:

(i) The debtor’s age;
(ii) The debtor’s physical and/or mental condition; and
(iii) The availability and nature of the information provided to the debtor by the Department.

(b) Knowledge of an overpayment. (1) Individuals who are aware that they are not entitled to a payment or are aware that a payment is higher than the payment to which they are entitled are not considered to have contributed to the overpayment if they promptly contact the Benefits Administrator and question the correctness of the payment and take no further action in reliance of the overpayment.

(2) Any contact made with the Benefits Administrator concerning the overpayment within 60 days of receipt (if the overpayment is a recurring payment, contact must be made within 60 days of the initial payment) will satisfy the prompt notification requirement.

(c) Reasonable person standard. The Department will use a reasonable person standard to determine whether an individual should have known that a statement was incorrect or that material facts in the individual’s possession should have been disclosed. The reason-

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Financial hardship. Financial hardship may be deemed to exist when the debtor needs substantially all of his or her current and anticipated income and liquid assets to meet current and anticipated ordinary and necessary living expenses during the projected period of collection. Financial hardship will not be found to exist when the debtor merely establishes that the repayment causes a financial burden, i.e., when it is inconvenient to repay the debt. If there are anticipated changes in income or expenses that would allow for the recovery of the overpayment at a later date, the Department may suspend collection action until a future date.

(a) Considerations. Pertinent considerations in determining whether recovery would cause financial hardship include the following:

(1) The debtor’s financial ability to pay at the time collection is scheduled to be made, and
(2) Income to other family member(s), if such member’s ordinary and necessary living expenses are included in expenses reported by the debtor.

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Ordinary and necessary living expenses.

An individual’s ordinary and necessary living expenses include rent, mortgage payments, utilities, maintenance, transportation, food, clothing,