

UK state pension underpayment scandal wider than feared, experts say

Tens of thousands of additional women might be owed money because they did not know they had to claim for an uplift

yesterday



A further 50,000 women are being underpaid their state pensions, according to a former minister © In Pictures via Getty Images

Tens of thousands of more women than previously thought might have been caught up in a state pension underpayment scandal, according to experts who say the additional redress bill could reach £650m.

In March the Department for Work and Pensions [revealed that some](#) 200,000 people, including certain married women, widows and over-80s could be in line for payouts totalling £2.7bn after admitting administrative errors meant they had been underpaid their state pension for up to two decades.

It is writing to whom it has identified as being owed an uplift, which should have automatically occurred to their state pensions after 2008.

But Sir Steve Webb, a former pensions minister, now alleges that a further 50,000 women are being underpaid their state pensions because they were unaware they needed to claim for an uplift they were entitled to before 2008, when this process became automatic.

"Tens of thousands of women have lost out through no fault of their own," said Webb "The fact that they did not claim is purely down to the inadequate way in which DWP communicated."

Under current law, these people making claims for state pension uplifts today can only recoup a year's worth of backdated payments.

Webb, a partner with Lane, Clark & Peacock, has calculated that the bill to fully backdate payments to women who were entitled to an uplift prior to 2008 could reach £650m.

"These were intelligent women who would obviously have claimed an uplift if they had known that they were required to do so," he said.

"I believe this is an example of maladministration and I will be urging the Parliamentary Ombudsman to launch an investigation."

Baroness Ros Altmann, another former pensions minister, said it was impossible to make a precise estimate of how many women in the new pre-

2008 group might be affected by underpayments but she said it could run to the tens of thousands.

"Some of the old cases will be due to women not claiming on their husband's pension when he turned age 65 many years ago, and it is most likely they did not know they needed to do so," said Altmann.

"If that is the case, and they never found out about this, and also called the DWP and were told their pension was correct, then it could be tens of thousands."

The underpayment issue primarily relates to the way in which the "old" state pension system, for those who reached pension age before April 6 2016, had special provisions for married women.

Under these old rules, married women who had a very small pension in their own right could claim a 60 per cent basic state pension based on their husband's record of contributions.

Processes that should have meant that their pension was automatically increased at a certain point did not function in many cases.

The DWP said it was misleading to suggest it did not inform individuals about their eligibility for a pension uplift prior to 2008, with claim documents sent about four months prior to a customer reaching state pension age, and men were given a claim form when they were approaching state pension age so that their wife could claim the top-up where appropriate.

"Married women whose husbands reached state pension age after them, but before March 17 2008, are required by law to make a separate claim, and application forms were provided four months before they reached state pension age," it said in a statement.

“The action we are taking now will correct the historical underpayments that have been made by successive governments and anyone impacted will be contacted by us to ensure they receive all that they are owed,” said the DWP in a statement.

The DWP did not disclose how many people had claimed the uplift before 2008.