

Opportunities 'were missed' by DWP to discover state pension debacle

The Government could have discovered sooner that more than a hundred thousand elderly women were being underpaid state pension but the warning signs were not picked up on, it has emerged.

Mistakes were detected in 'sampling exercises' to estimate official error, so 'opportunities to identify these underpayments earlier were missed', says an official report.

Blame for the scandal, eventually uncovered in an investigation by former Pensions Minister Steve Webb and This is Money, is laid on 'process and control issues including poor staff training, instructions and quality review'.

The same problems also affected the DWP's initial work to quantify and rectify errors.

Internal auditors are now probing whether other underpayments have occurred elsewhere in its systems, according to the Department for Work and Pension's annual report and accounts.

An initial estimate that around 200,000 women were affected by the £3billion



State pension scandal: The DWP is currently employing 167 staff in the task of correcting underpayments, and aims to recruit another 360

debacle was revised down by auditors, who now say 132,000 could have lost out on £1billion.

However, this is still uncertain and they admit the final figure could be anything between £620million and £2.8billion.

>>>**Have you been underpaid state pension? [Find out what to do here](#)**

The National Audit Office recently launched an investigation into the fiasco, which has seen many elderly women deprived of big sums in retirement. It says it plans to look into how this happened, what is being done to correct it, and 'what lessons DWP has learned'.

This is Money has reported on cases of women suffering [a catalogue of errors and being repeatedly ignored or fobbed off](#) by DWP staff, [widows who lost out on more than £100,000](#) over two decades, and tragic situations where [women died unaware they were owed tens of thousands of pounds](#).

In cases where women have died, their beneficiaries will receive state pension backpayments, if they can be traced.

But the DWP's auditors reveal in the report there are problems tracking down next of kin where they find an error for someone who is deceased, and this could potentially affect some 24,000 cases.

This is Money has been deluged with enquiries from bereaved adult children about their late parents' state pensions.

Webb says his advice to them is to write a letter to the DWP, so that they will have written proof if needed, and because it is often difficult to get

Why are some women being underpaid state pension?

Married women who retired on small state pensions before April 2016 should get an uplift to 60 per cent of their husband's payments once he reaches retirement age too.

Since 17 March 2008, the increases are supposed to be automatic, but before that

through on the phone.

women had to apply to get the full sum they were due.

The DWP has given details of what you should ideally provide about deceased relatives, and we give a full rundown on [what to do about suspected underpayments and the contact details here](#).

National Insurance numbers for both your parents are helpful but not necessary if you can't find them, and Webb says failing that just supply all the information that you have, such as names, addresses, dates of birth and dates of death.

It is also important to include your own contact details, should an underpayment be discovered.

Meanwhile, the DWP's annual report and accounts also reveal that media reports initially alerted it to the problem of women being underpaid state pensions, and that an initial scan identified 400,000 cases that needed to be checked.

It is very revealing that the report shows that this problem could have been picked up sooner, but it took the campaigning work of This is Money to get the issue taken seriously

It is currently employing 167 staff in the task of correcting underpayments, and aims to recruit another 360 and complete the work by the end of 2023.

Webb, who is now a partner at pension consultant LCP, says: 'Although DWP have now revised their estimates of the numbers affected, underpaying over 130,000 people around £1 billion in state pensions remains a scandal.

'It is very revealing that the report shows that this problem could have been picked up sooner, but it took the campaigning work of This is Money to get the issue taken seriously.

'We now need much more transparency over this whole correction exercise so

that we can have confidence that all remaining errors are being picked up and fixed.'

Matt Rodda, Labour's Shadow Pensions Minister, says: 'It is dreadful that, despite repeated warnings, the DWP is failing so many women.'

'Everyone who has worked hard throughout their lives should be entitled to a decent and dignified retirement and this annual report shows that the Government's failings are denying that to too many.'

'The Government must take urgent action to support the families affected and to make sure these sad cases are never repeated.'

The National Audit Office said regarding the launch of its investigation, which is due to report this autumn: 'In early 2020 the Department for Work and Pensions became aware of underpayments of state pension affecting certain women who reached state pension age before 2016.'

'Subsequent DWP investigations uncovered systematic issues meaning that tens of thousands of people might have been underpaid state pension for many years. DWP is currently working to identify all affected individuals and began making repayments in January 2021.'



Steve Webb: 'We now need much more transparency over this whole correction exercise so that we can have confidence that all remaining errors are being picked up'

'This NAO investigation will look at who has been underpaid and why, how this happened, what DWP is doing to put it right and what lessons DWP has learned.'

What does the DWP say?

A DWP spokesperson says: 'Our work to correct historical state pension underpayments is complex and as it continues we are developing a fuller picture of the likely costs.'

'We have always said that cost projections were estimates to be refined as the correction activity progresses. That's why we've committed to publishing further information at the next fiscal event.'

'We are fully committed to addressing the errors as quickly as possible and ensuring that individuals affected receive the state pension they are rightfully due in law.'

The cost estimate is based on both the volume of cases being corrected and the average arrears paid out, according to the DWP. It now believes fewer cases have been underpaid and require correction than initially anticipated, resulting in a reduction.

Married women who are legally required to make a claim for an uplift in



Matt Rodda: 'The Government must take urgent action to support the families affected and to make sure these sad cases are never repeated'

state pension because their husband started receiving his state pension before 17 March 2008 will not be covered in the 'correction exercise' and still need to make a claim.

Those whose husbands became entitled to their state pension on or after this date will be identified in the process, and this will include those who are receiving graduated retirement benefit only.

It is understood that in processing cases, the DWP is prioritising errors that are the longest standing and recipients who are older to reduce the time these women have to wait.

Meanwhile, those who contact the DWP themselves to query their state pensions will continue to have them reviewed.

The DWP has confirmed that deceased women who were underpaid will have arrears paid to their estate, so it will go to their beneficiaries.

Read the DWP's statement on underpaid state pensions [here](#) and its annual report and accounts [here](#)

Underpaid state pensions explained with Steve Webb

Yet more people caught up in the underpaid state pension have been unearthed - and tragically, in the two cases we highlighted most recently, they weren't alive to see justice.

Two bereaved daughters received sums of £42,000 and £71,000 because their mothers were underpaid state pension for more than a decade before dying in their 90s.

The payouts are all thanks to the intrepid work of investment and pensions editor Tanya Jefferies and our pensions agony uncle Sir Steve

Webb.

They join deputy editor Lee Boyce and Georgie Frost to talk about these latest cases, and what it means in terms of inheritance tax and care fees – could you, a family member or friend have been caught up in the scandal?

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