

DWP to consider remedies after pension mispayments

/ **Jane Matthews** | June 17, 2022

In the go: The Department for Work and Pensions has said it is investigating remedies after millions of people have received the wrong pension for decades due to government IT failures.

Statistical statistics published in May by the DWP suggested that 23 per cent of pensioners were underpaid, while 17 per cent were overpaid.

Reporting by the BBC on June 17 revealed that the errors, which remain uncorrected, have been known about since the 1990s.

Former pensions minister Sir Steve Webb, now partner at LCP, noted that while DWP pension mispayments sound tiny, they may have resulted in pensioners being out on other state benefits.

“It’s not so much the pennies on the pension, it’s the knock-on effect on other things,” he said.

Webb gave the example that an individual may have only been overpaid the state pension by 5p a week, but this may have put them over the limit for receiving pension credit, meaning that the individual would not have qualified for benefits such as cold weather payments.

A decision was made by DWP officials in 2002 that it would be too complicated to fix the problem, which mostly affected an element of the state pension known as the graduated retirement benefit.

The graduated retirement benefit is an addition to the basic state pension for those who worked between 1961 and 1975, and was a forerunner of the state earnings-related pension scheme.

A DWP spokesperson told FTAdviser that the legacy IT issue responsible for the problem is decades old and successive governments had not corrected it.

The spokesperson said: “Our priority is ensuring every pensioner receives the financial support to which they are entitled and most graduated retirement benefit awards are correct.

“Where they are not, the vast majority of over and underpayments are of 1p or 2p a week and we are looking at solutions to this issue which has occurred under successive governments.”

Webb said he was never made aware of the problem and described the errors as “astonishing”.

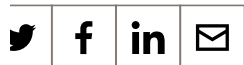
The story raises serious questions about transparency and accountability within the DWP. It also prompts questions about how many other errors are simply swept under the carpet and never admitted,” he said.

The DWP now needs to come clean over the scale of this problem, as well as any other errors which have never been disclosed. Parliament will expect a written statement from the minister at the earliest opportunity with a full explanation.”

The statistics published in May included reference to a full review of state pensions for the fiscal year 2022, the first time one has been undertaken since the fiscal year 2006.

The DWP said this process, which included an opportunity to directly contact customers, revealed “some types of official error” being identified within the statistics for the first time.

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