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Defined Benefit

Plumbing Pensions seeks approval to fund legal battles for s75 non-payments



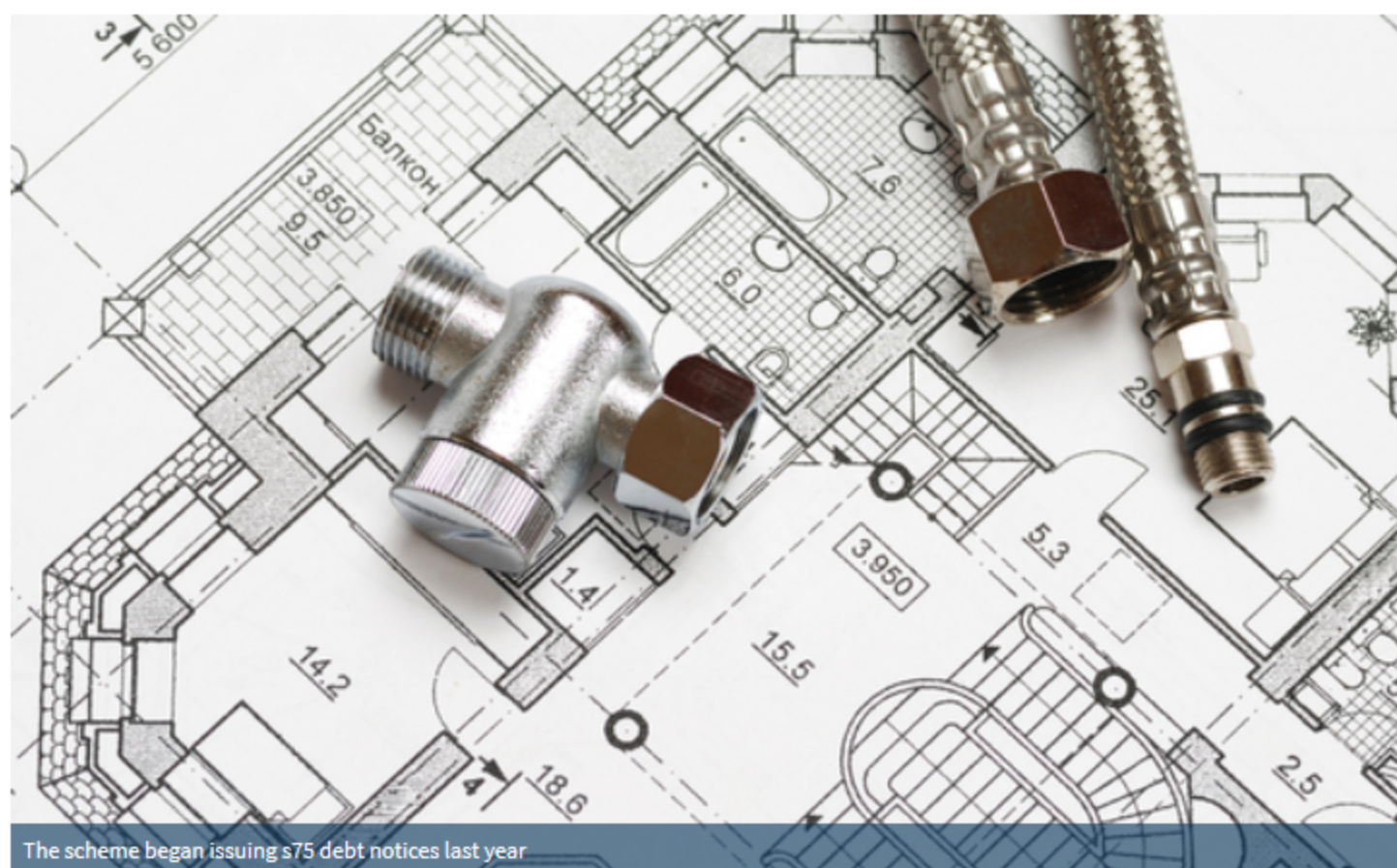
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0 Comments



The scheme began issuing s75 debt notices last year

The trustees of the £2bn Plumbing and Mechanical Services (UK) Industry Pension Scheme are seeking court approval to use scheme funds in potential upcoming legal battles.

The 40,000-member multi-employer scheme is in the process of recovering section 75 debts from employers, some of whom are on the hook for orphan liabilities on a buyout basis. Orphan liabilities are left behind by previous sponsors who went exited the scheme before s75 legislation came into force, or when the debts were calculated as nil under minimum funding requirement rules.

The scheme trustees began **sending out s75 debt calculations** to all employers involved last year, but this has led some to raise complaints.

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A petition has now been submitted to the Court of Session in Edinburgh to see if the trustees can rely on the indemnity clause in the scheme's rules to cover any associated legal expenses arising from the complaints or when seeking debt payments from employers.

Chief executive Kate Yates said: "Section 75 employer debt legislation is complicated. The trustee is doing the responsible thing by checking whether it can continue to use scheme funds to deal with section 75 employer debt matters."

The scheme **closed to future accrual in June last year** in a bid to end spiralling costs for employers in the scheme. Total contributions were predicted to almost double if the scheme had not closed.

It has been criticised by employers in the scheme who have faced personal bankruptcy due to the demands for money, with the Plumbing Employers Action Group previously stating the trustees

were **"failing in their duties"**.

The closure of the scheme has stemmed the need to issue s75 notices to all employers, but the move came too late for many. The issue has been raised in the House of Lords by former pensions minister Baroness Ros Altmann, who has **described the s75 debt regulations as "draconian"**.

In a statement to *Professional Pensions*, a Plumbing Pensions spokesperson said: "The trustee needs clarity on whether it can use scheme money to cover its expenses in relation to s75 debt matters which could include taking legal action against employers for unpaid debts.

"Plumbing Pensions recognises that pursuing significant sums of money from small business owners is very stressful and distressing for everyone. We are working hard to ensure employers have all the information and guidance they need to support them through this process and help them understand their options."

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