

# State pension: Tens of thousands of married women are being 'short-changed' to the tune of £100m, former pensions minister warns

'It is time for the DWP to take this issue seriously and launch a full investigation'



By **Serina Sandhu**

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The issue affects older married women who are on the old state pension (Photo: Pixabay)

Tens of thousands of older married women are being "short-changed" on their **state pension** every week and could be missing out on up to £100m, a former pensions minister has warned.

Married women, who reached retirement age before April 2016 and receive a low state pension, or nothing at all, may be **entitled to have their weekly payment topped up to £80.45** when their husband or civil partner reaches **state pension age**.

This is equivalent to 60 per cent of their spouse's state pension if they receive the full rate of £134.25.

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But Sir Steve Webb, who was pensions minister during the coalition government, **said his research suggests** between 50,000 and 60,000 married women could be missing out on the enhanced rate, and are living on far less each week.

## **'Truly shocking'**

It was "truly shocking" that women were being "short-changed" on their pension, said Sir Steve, who is now a partner at pension consultants Lane Clark & Peacock. He called on the Department for Work and Pensions (DWP) to urgently investigate the "systematic" issue and pay the affected women their full pension entitlement.

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Based on previous payouts that individuals have received after raising the issue with the DWP, he has estimated that the affected women could be owed in the region of £100m.

Widows and divorced women may also be unaware they are eligible for a higher state pension - based on their late or former spouse's pension -

than they are currently receiving.

Conservative peer and pensions campaigner Baroness Ros Altmann backed a review of the issue, telling [i](#) that "women's pensions are already lower than men's, so every additional pound is important".

The "complexity" of the state pension system had led to this "worrying situation", she added.

## Old state pension

The issue affects women who qualify for the basic state pension - the old state pension - which means they were born before 6 April 1953. An old-fashioned scheme, based on the assumption that wives were financially dependent on their husbands, allowed women to pay a reduced rate of NI contributions. The so-called "married women's stamp" meant they generated little or no state pension in their own right. They will be receiving less than £80.45 a week

today.

Others might be on a low pension because of taking time out of paid work to raise a family.

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A rule was put in place to allow women to claim the 60 per cent rate and top up their pension when their husband reached 65 - the state pension age.

Women whose husbands reached this age before 17 March 2008 had to actively claim the higher rate.

According to Sir Steve, the

DWP said it wrote letters to inform women but some claim to have never received any correspondence.

If they make a claim for the enhanced rate years later, they are only entitled to backdated payments for 12 months, meaning they have still lost out financially.

For women whose husbands reached 65 after 17 March 2008, the DWP's computer system should have automatically uprated their pension. Some women have said this is not the case, though, and have had to individually approach the Government for backdated payments all the way to when their husband reached 65.

Sir Steve has found **cases** where women have been paid an £8,800 lumpsum following years of underpayments.



He also warned that women aged 80 **may not know they can claim a pension of £80.45 a week** by just passing a simple residency test

## 'Government should investigate'

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Sir Steve is calling on the Government to investigate this issue and to automatically uplift the pensions of all women who are entitled to the 60 per cent rate.

"The system is highly complex and few will be aware of the special rules for married women, widows, divorced women and the over 80s. Yet

each of these groups seems to be losing out in different ways," he said.

"Whilst the DWP is willing to put things right on a case-by-case basis when individuals get in touch, there is clearly a systematic problem here. It is time for the DWP to take this issue seriously and launch a full investigation into how so many women have been missing out for so long."

Baroness Altmann said: "Relying on married women to realise they need to claim on their husband's state pension and assuming that writing a letter to them will be sufficient to ensure they do so, is not the best way to provide state support.

"Of course I recognise that right now the DWP must focus its resources on the current coronavirus crisis and ensuring people receive the benefits they are entitled to straight away, but once this is behind us I do hope the department will consider launching a proper review of this situation, to identify others who have been underpaid.

"Women's state pensions are vital to help them enjoy their retirement and those who are underpaid need to be recompensed," she added.

Responding to Sir Steve's research, the DWP said: "We are aware of a number of cases where individuals have been underpaid state pension. We corrected our records and reimbursed those affected as soon as errors were identified.

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"We are checking for further cases, and if any are found awards will also be reviewed and any arrears paid."

*Women who think they might be affected can use [Lane Clark & Peacock's webpage calculator](#).*

*If you think you have been affected by this issue and*

*would like to share your story, please contact [serina.sandhu@inews.co.uk](mailto:serina.sandhu@inews.co.uk)*