

Business

ROS ALTMANN says delay in resolving state pension crisis is unacceptable

👤 Janice Dean · 2 weeks ago

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Lady Altmann: 'This crisis in state pension coverage needs greater supply'

MPs condemn low-paying state pension scandal [as a 'shameful disturbance'](#) Last week and This is Money published a new story [about payment chaos](#) at the Department of Employment and Pensions.

Former pensions minister and campaigner Ros Altmann tells her about the crisis and how to fix it below.

The Public Accounts Commission has released a disturbing report highlighting the ongoing problems of underpaying in the UK state pension system.

Britain's 12.4 million pensioners rely primarily on their state pension as the basis of their retirement income.

Women have much lower pensions than men, and with the cost of living crisis and the growing poverty of pensioners, it is more important that they receive their full benefits.

The National Audit Office also found systemic failures to ensure state pension payments were accurate, due to complex rules, many outdated IT systems, overarching manual handling and lack of error checking.

Even the DWP helplines, which the public must call to ask if their state pension payments are correct, have given false guarantees of accuracy, forcing pensioners to pensioners must continue to live with less of their pension due.

The DWP estimates 134,000 people, mostly women, have received too little of their state pension, but only 94,000 are alive, so thousands have passed away without a chance to benefit from the money that was left. they should have.

>>> Have you ever been paid a pension by the state? [Find out what to do here](#)

What happened at the DWP?

The underlying problem is the staggering complexity of the state pension system itself and the need to have records dating back decades.

People are eligible for both the basic state pension and three types of supplementary pensions – Graduation Pensions (GRBs), State Income-Related Allowances (SERPs) and Secondary Pensions. two state (S2P) – plus some pension from contracted career or private plans!

Since these low payments involve some of the poorest, potentially short-lived citizens, delays are unacceptable.

Each of these elements of the people's state pension will vary depending on the following factors:

1. Their age (if they're over 80 they can automatically get a Type D pension of £82.45 a week)
2. Their work history from the age of 16
3. How much do they earn each year of their working career for decades
4. The type of National Insurance contribution they make every year (such as employee or self-employed years, voluntary or purchased)

5. Any National Insurance contributions they are credited with annually (maybe for childcare, sickness or unemployment)
6. Exact years to which any National Insurance contributions relate (partial years do not count)
7. What kind of private pension they pay every year
8. Their marital status
9. Even if they are widowed
10. For women, do they pay the contribution for married women?
11. For women, how much is their husband's pension if they stamp married woman

Why are some women under paid state pensions?

An estimated 134,000 women have received a lower state pension in a £1 billion scandal uncovered by our journalist Steve Webb and This is Money in early 2020.

The huge bill has resulted in some women being unable to increase their payouts when their husbands reach state pension age or die, or when they themselves turn 80.

We have reported many stories of women receiving payments of tens of thousands of pounds – and in some cases more than £100,000 – after being stripped of their exact state pension due to DWP error.

Have you been underpaid? [Find out what to do here.](#)

12. For widowed or divorced men and women, what is the state pension of their former or deceased spouse.

Each of these 12 elements of state pension entitlement can require a complex calculation, based on information dating back several decades.

Only a small group of DWP experts fully understand the system, and the complexity is so complex that members of the public have little hope of figuring out their exact pensions on their own.

As a result, they are completely dependent on the DWP to calculate the amount correctly, and if it's wrong, they often won't realize it.

Despite the complexity, there appears to be no adequate staff training, inadequate data accuracy testing, poor integration between new and old IT systems, and quality assurance failures across functions. calculation features and customer helpline.

First the denial and then the delay in correcting the underpayments after This is Money and Sir Steve Webb discovered and made the issue public in early 2020.

Finally, the Government has acknowledged the widespread errors that exist and in January 2021 commenced a formal review of potential underpayments (so-called LEAP exercises), which will not be covered. completed by the end of 2023.

Of course, the pandemic has added a significant amount of work to the DWP, as universal credit claims skyrocket, but continued delays in superannuation determination and payment mean will die more without getting more money.



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Furthermore, the National Audit Office found that 200 out of 1500 married women recalculations were still incorrect, and called for better staff training and quality assurance.

After the DWP redirected more specialist staff to do the remedial exercise, there were problems for new state pension claimants that payments didn't start on time, with many people have to wait several months without money.

There are clearly resource problems in the administration of state pensions.

What action should the DWP take to resolve this issue?

This crisis in state pension payments requires greater resources. If the private sector needs more expertise, it needs to be brought in urgently.

The adjustment also needs to be expanded to include people over the age of 80 and divorced women.

Since these low payments involve some of the poorest, potentially short-lived citizens, delays are unacceptable.

Here is my action plan for what needs to be done right now.

1. Bring expertise to the private sector

To improve training, strengthen public helplines, and increase resources for adjustment, external expert staff from the private sector should be mobilized if necessary.

Perhaps employees from actuaries and pension management companies, such as those accustomed to dealing with the complexities of contract calculation for defined benefit schemes, could add required professional knowledge.

2. Ensure new state pension claims are not delayed

The complexity of the old system is still part of the new state pension, so experts familiar with the old calculations are needed for the new requirements.

A lack of in-country professionals has caused delays for new retirees getting their money, and if outside staff cannot be found quickly, it may be necessary to start paying temporary state pensions. until precise calculations for new claimants are available.

Not paying pensions on time leaves many people without money.

DWP pays £17k to a 73-year-old divorced woman

Find out what to do if you're divorced and think you're not getting the proper state pension [here](#).

Many people have found that their other benefits stopped when they reached state pension age, and or they stopped working expecting to start receiving a pension, only to find they had nothing left to live.

This needs urgent attention.

3. Investigate whether divorced women are underpaid

Divorced women may be entitled to a pension of £137.60 a week, but 40,000 are receiving less than £82.45 a week, suggesting many are losing ground.

The DWP told the NAO it did not find any substantial evidence of errors in the processing of benefits for divorced pensioners.

However, Sir Steve Webb has discovered several examples of divorced women receiving little or no pension.

The DWP acknowledged these errors and paid them substantial arrears.

With a total of 720,000 divorced women and 153,000 intimate partner records that the DWP says it cannot track, there is certainly a need for a broader inquiry into the pensions of divorced people.

4. Write to people over 80 don't get £82.45 a week

People over 80 are automatically entitled to this amount each week, regardless of their National Insurance record, as long as they have lived in the UK.

The government should try to contact and track down any over-80s receiving less than this, or no pension.

Can you claim retirement credit?

Are you one of the nearly 1 million eligible pensioners not claiming thousands of pounds a year in credits? looking for more information [here](#).

5. Guaranteed interest payment and compensation

Since these underpayments occurred as a result of official malpractice, the Government should pay interest on any debt and those in trouble should also receive some compensation.

Before January 2021, the lower payers received interest, but that has stopped.

6. Provide information to the public so they know how to collect debt

Many elderly people still don't know their pension is too low. About a million households don't claim retirement credit, so the poorest retirees are likely living on far less than they need to.

A public information campaign to help people learn about the money available to them is needed.



State pension scandal: Some women have received payments of tens of thousands of pounds – and in some cases more than £100,000 – after being stripped of exact amounts due to a DWP error

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