

## Underpayment of Pensions by DWP

Dear Colleague

Our Parliamentary Advisors, Connect, has sent us the following information on this report, which may be of interest to your Members-

**The Public Accounts Committee** has [published](#) a report which finds that the Department for Work & Pensions estimates it has underpaid 134,000 pensioners, mostly women, over £1 billion of their State Pension entitlement, with some of the errors dating as far back as 1985.

Please see key conclusions and recommendations from the report below.

### Conclusions

- For decades, the Department has been relying on a State Pension payment system that is not fit for purpose.
- The Department's complacency about the level of underpayments inherent in its approach to administering State Pension has led it to fail pensioners.
- The Department has not given people who are worried they have been underpaid enough information to find out what they should do, with the risk that many may still miss out on money they should receive.
- The Department has not been sufficiently transparent to Parliament about the State Pension underpayments.
- In paying pensioners, a lump sum of their arrears, the Department may not be fully restoring them to the position that they would be in had the Department paid them correctly in the first place.
- Given the nature of the underpayments identified there must be a risk that similar, unidentified errors exist elsewhere in the State Pension caseload.

### Recommendations

The Department should:

- whether there are cost-effective ways to upgrade its IT systems and enhance its administrative processes to ensure the quality and timeliness of management information and reduce the risk of repeated errors.
- start treating underpayments on State Pension as seriously as overpayments and set out to the Committee in its Treasury Minute response to this report what it is going to do both to prevent future errors and to strengthen its detection of systemic issues that lead to errors.
- improve the clarity and availability of information on State Pension underpayments, and what people who are concerned that they have been underpaid should do. This should include information for groups the Department finds hard to reach such as the next of kin of deceased customers.
- provide periodic updates to this Committee and the Parliament on the progress of the State Pension LEAP exercise and the speed of processing the backlog in the new State Pension.
- establish the full extent of the impact on pensioners of receiving a lump sum of arrears of benefit, particularly for larger sums of arrears.
- write to the Committee to explain how it has assessed the risk of systemic underpayments to divorced women. It should also explain how it will review other detected underpayments to

assess whether there is a systemic cause and take steps to extend the correction exercise as required.

For your information.

Regards

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