

Long-term underpayment of thousands of pensioners is a 'shameful shambles'

The long-term underpayment of state pensioners, an unknown number of whom will have died without receiving what they were owed, is a "shameful shambles", according to a committee of MPs.

The Department for Work and Pensions (DWP) estimates it has [underpaid 134,000 pensioners](#), mostly women, over £1bn of their state pension entitlement, with some errors dating as far back as 1985.

In January 2021, DWP started an exercise to correct the errors – the ninth such exercise since 2018, the Public Accounts Committee (PAC) said.

Dame Meg Hillier, chairwoman of the PAC, said: "Departments that make errors through maladministration have a duty to put those it wronged back in the position they should have been, without the error."



Image:

The handling of the crisis has been described as a 'shameful shambles'

"In reality DWP can never make up what people have actually lost, over decades, and in many cases it's not even trying.

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"An unknown number of pensioners died without ever getting their due and there is no current plan to pay back their estates.

"DWP is now on its ninth go at fixing these mistakes since 2018, the specialised staff diverted to fix this mess costing tens of millions more to the taxpayer and predictable consequences in delays to new pension claims.

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"And there is no assurance that the errors that led to these underpayments in the first place will not be repeated in the correction exercise.

"This is a shameful shambles."

The errors mostly affect widows, divorcees and women who rely on their husband's pension contributions for some of their pension.

Complex pension rules and a reliance on highly manual systems led to the underpayments.

The committee of MPs said the underlying IT system relied on to manage millions of pensioner records dates back to 1988.

Quality checks failed to identify the systematic underpayments and small errors added up over years to significant sums of money.

The PAC said the department should consider whether there are cost-effective ways to upgrade its IT systems “as a matter of urgency”.

How much will it cost to fix the errors?

There is currently no formal plan for contacting the next of kin where a pensioner who was underpaid is dead, the committee said.

The DWP is only paying those it has identified as having a legal entitlement to arrears, in some cases many years after the event, and has been inconsistent in paying interest, it added.

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It has also shown little interest in understanding the further knock-on consequences, including on social care provision, for those it underpaid, MPs said.

Fixing DWP's mistakes comes at great cost to the taxpayer and is expected to cost £24.3 in staff costs alone by the end of 2023, the PAC added.

It also said the department should be treating state pension underpayments as seriously as overpayments.