

State Pension correction exercise update

We are committed to making sure that those people found to have been underpaid State Pension receive the money they are rightly entitled to.

We became aware of issues with State Pension underpayments in 2020 and we took immediate action to investigate the extent of the problem. This is an issue that dates back many years across successive governments.

Rectifying these cases is a priority for the department and we will do it as quickly as possible.

From August 2020 to January 2021 the department carried out a number of complex scans of legacy computer systems that analysed many millions of State Pension records. The scans identified cases requiring further investigation.

These cases can be categorised into the following groups:

- People who are married or in a civil partnership who reached State Pension age before 6 April 2016 and may be entitled to a Category BL uplift based on their partner's National Insurance contributions.

Following a change in the law in 2008, when their spouse became entitled to a State Pension, some people should have had their basic State Pension automatically reviewed and uplifted. Underpayments occurred in cases when this did not happen.

- People who have been widowed and their State Pension was not uplifted to include amounts they are entitled to inherit from their late husband, wife or civil partner.
- People who have not been paid Category D State Pension uplift as they should have been from age 80.

For each group of individuals affected, DWP IT systems produce an electronic prompt to consider if an individual's State Pension amount should be increased. The prompt requires DWP staff to take further manual action and, in some cases, this did not take place.

Following the scan activity, the department formally commenced a correction exercise on 11 January 2021, clerically examining each of the cases identified through the scans. We have already reallocated a number of staff onto this work and are exploring urgently what else we can do to speed up the process.

Given the complexity of the work, it can take time to assess the most complex cases. This work involves a thorough examination of the State Pension payments, and consideration of any changes to the individual's circumstances since the original State Pension award was made, to establish if an underpayment has occurred.

Where underpayments are identified, the department will contact the individual to inform them of the changes to their State Pension amount and of any arrears payment they will receive in accordance with the law.

The department's current estimate of the total costs of repaying these arrears is £2.7 billion. There will also be increased expenditure on corrected live cases of around £90 million per year on average in the coming years. This estimate is based on the system scans and analysis of DWP administrative data. As more information becomes available from the correction exercise, we will refine our estimates.

In addition to the formal correction exercise, the department is continuing to review thoroughly all State Pension records where an individual has contacted the Pension Service.

The government is fully committed to ensuring that any historical errors, unaddressed by previous governments, are put right as quickly as possible.

I will update Parliament as the correction exercise progresses.