Work and Pensions Committee

15 May 2024

Rt Hon Mel Stride MP
Secretary of State for Work and Pensions
(By e-mail only)

Dear Mel,

Parliamentary and Health Service Ombudsman (PHSO): Women's State Pension age

As you are aware, the PHSO laid its report before Parliament on 21 March 2024, asking Parliament to "identify an appropriate mechanism for providing remedy" for women born in the 1950s who have suffered injustice because of DWP's maladministration in its communication of increases in their State Pension age (SPA) legislated for in the Pensions Act 1995.

In a one-off evidence session on the issue on 7 May, we were reminded of the need for urgent action, given that the Ombudsman started to look at this issue in 2018 and that every 13 minutes a women born in the 1950s dies.

The PHSO said that, in principle, redress should reflect individual impact but that the need for remedy without delay and the numbers involved "may indicate the need for a more standardised approach" (para 502). The PHSO suggested a remedy based on level 4 of its severity of injustice scale, based on its finding that individuals had experienced indirect financial loss (because the loss resulted from actions prompted by an incorrect belief about the individual's SPA, rather than by the change in SPA in itself). We have not sought to question the PHSO's proposal for compensation at level 4, but instead have focussed on what a remedy might look like.

The evidence we received indicated support for a rules-based system. This would be a system where payments would be adjusted within a range (based on the PHSO's severity of injustice scale) to reflect the extent of change in the individual's State Pension age and the notice of the change which the individual received. This would mean that the less notice you had of the change and the bigger the change in your SPA, the higher the payment you would receive.

While not perfect, the advantages of such a system are that it would be: quick to administer; applying known data to a formula to determine the amount due; and relatively inexpensive (compared to a more bespoke system).

Beyond this, there should be some flexibility for individuals to make the case, after they have received the payment using the rules-based system we have outlined, that they experienced direct financial loss and that they are therefore due a higher level of compensation. Such a system would need specific criteria for people to be able to apply. The PHSO did not see direct financial loss in the six sample complaints it looked at, but accepted that it was possible. For example, Angela Madden, Chair of the WASPI campaign, cited the example of a woman whose divorce settlement was less than it would have been because it was based on the expectation that she would receive her State Pension at age 60.

Implementing a remedy will need parliamentary time, financial resources, and the data and technical systems only available to your department. It cannot happen without Government support. We would ask you to bring forward proposals for a remedy by the summer recess.

We look forward to discussing this issue, among others, with you and the Permanent Secretary when you are both appearing before the Committee on 22 May. We would be grateful for a more detailed response to this letter by Wednesday 29 May. As is usual practice with the Committee's correspondence, I will be publishing this letter and your response on the Committee's website.

Yours sincerely,

Stephen Timms

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Chair, Work and Pensions Committee

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