



Work and Pensions Committee

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From the Chair

Guy Opperman
Minister for Pensions and Financial Inclusion
Department for Work and Pensions

24 March 2021

Dear Guy,

Underpayments of the state pension

The Committee has asked me to write to you about the information that the Department has provided to Parliament about its exercise to identify and repay historic underpayments of the state pension.

When you gave evidence to the Committee on 27 January, we asked for more detail about this exercise, and in particular about the number of underpayments that the Department had identified. You explained that you were not able to give us a “definitive” answer at that stage but that, during February, or in March at the latest, you would be able “to update the House in detail on where we are on this particular problem”.

On 4 March you made a written statement about the exercise. Your statement provided some further information, but did not answer the questions we had asked in January.

Following your statement, I tabled written questions to ask how much the Department had paid in backpayments as a result of this exercise, and how many underpayments had been identified.

The answer to both questions was:

“Parliament was updated on this issue through a written statement laid on 4 March and a topical statement by the Secretary of State during DWP oral questions on 8 March.

I have committed to updating Parliament as the correction exercise progresses.”

The Permanent Secretary was able to tell us in October 2020 that “we have received almost 11,000 cases. We have reviewed 7,200 of them and 5,300 of them turned out to be correct” and that repayments had been made to “2,000 people so far”.

The Committee would be grateful for more information about this exercise, and in particular:

- 1. Why has the Department not answered questions about the amount of arrears paid so far and the number of people who have received repayments? When do you expect to publish that information?**
- 2. When do you next expect to update Parliament? How often do you then expect to update Parliament after that?**
- 3. What information do you expect to be able to provide in your future updates?**
- 4. It has been reported in the press that “around 200,000” women will receive letters from the Department to tell them that their state pension has been underpaid. Is the Department the source of that figure? If so, why has it not been shared with Parliament?**
- 5. Will you share with the Committee a template of the letter that is being sent?**

We were grateful for your explanation in January that 100 staff were working on this. Your written statement said that the Department was “exploring urgently what else we can do to speed up the process.”

6. What progress has the Department made on this since your statement?

The OBR’s *Economic and fiscal outlook*—published the day before your statement—said that “DWP investigations between May and December 2020 uncovered a systematic underpayment of state pensions, meaning tens of thousands of married, divorced and widowed people may have been underpaid since 2008.”

Your statement did not, however, mention divorced people.

7. Are divorced people within the scope of your exercise?

It is clear that this exercise will take time. Your statement did not give an estimate of how long it is likely to take, but the OBR’s *Economic and fiscal outlook* says that:

Our forecast reflects an initial estimate that it will cost around £3 billion over the six years to 2025-26 to address these underpayments, with costs peaking at £0.7 billion in 2021-22.

- 8. In what order of priority is the Department investigating cases? For example, are you giving any priority by age, by the size of the underpayment, or to claimants who are still alive?**
- 9. It is sadly inevitable that some people who have been underpaid have already died, and others will die in the six years that this process is expected to take. In such cases, how will you go about contacting the estate of the person who has died? Do you hold reliable contact details?**

In answer to a written question in February, you provided performance statistics for the percentage of calls answered by the State Pension telephone line, as follows:

Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
60.60%	57.90%	52.10%	55.20%	60.30%

More recently, Steve Webb has said that women have contacted him directly about this, having been unable to get through to the Department.

10. Given the difficulty with making calls to the State Pension telephone line, will there be a separate contact number for people affected by this exercise?

Your statement made clear that “This is an issue that dates back many years”. The OBR’s *Economic and fiscal outlook* says that underpayments have been identified dating “back to 1992”.

11. How far back will the Department be checking records?

We would be grateful for a reply by **Thursday 8 April**.

Yours sincerely,



Rt Hon Stephen Timms MP
Chair