

Could you have been underpaid the State Pension?

HMRC estimates that affected women could be owed an average of £5,000 each

Thousands of mothers who have missed out on their full State Pension entitlement due to calculation errors have begun receiving letters from HM Revenue & Customs (HMRC) to address this oversight.

These letters are being sent to women who have taken time off work to raise children since 1978, following the identification of underpayments in the Department for Work and Pensions (DWP) July 2022 annual report.

STATE PENSION UNDERPAYMENTS

Affected women may have been underpaid by tens of thousands of pounds over the course of their retirement due to not receiving National Insurance credits towards their State Pension entitlement. If you receive a letter from HMRC indicating that you may be one of those affected, it is crucial to check if you are owed a State Pension back payment.

HMRC estimates that affected women could be owed an average of £5,000 each. The letters will be sent out over the next 18 months, prioritising those over State Pension age. Additionally, you may be eligible for Home Responsibilities Protection.

AVOIDING SCAMS

If you are concerned about potential scammers exploiting this issue, you can verify the letter's authenticity by contacting HMRC on 0300 200 3500. The issue was initially corrected in 2011, resulting in 36,000 women receiving a share of £83m. Nevertheless, the DWP report indicates

that thousands more women may still miss out on their rightful State Pension entitlement.

HISTORICAL CONTEXT

This is not the first instance of women's pensions being underpaid. This latest issue follows a scandal involving the underpayment of State Pensions to married women and widows who claimed their pension before April 2016. Based on their husbands' records, these women were entitled to higher rates, with the underpaid amount estimated to be around £1.5 billion.

ONGOING CHALLENGES

Many pensioners continue to be underpaid due to these errors, and sadly, tens of thousands have passed away without receiving any of the money they were owed. The DWP has pledged to track down and pay the owed amounts to those affected by the end of 2024. ■

REQUIRE FURTHER INFORMATION OR BELIEVE YOU MAY BE AFFECTED?

If you require further information or believe you may be affected, please do not hesitate to contact HMRC, visit their official website for guidance, or contact us. Ensuring you receive your rightful State Pension is paramount.

THIS ARTICLE DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

