

WISEEYE

Prospect advice for members affected by pension payment errors

Hundreds of UK pension schemes are carrying out a reconciliation exercise to make sure that their Guaranteed Minimum Pension records match up with those held by HM Revenue and Customs.

Assistant pensions officer **Stewart Mott** outlines some practical steps you can take.

GMP DATA relates to records when members were contracted out of the Additional State Pension, formerly known as SERPS, or the State Second Pension.

Scheme administrators are discovering errors on how pensions have been uprated with inflation. The overpayments can run into millions – the civil service pension scheme recently reported £22m of overpayments over many years.

Public sector schemes

Members in public sector pension schemes who are affected can expect their pension to be adjusted to the correct level. But they are not expected to pay back overpayments.

We are expecting confirmation from the major public sector pension schemes that they will not be recovering overpayments. If you are in a public sector scheme who has received a demand for a repayment as a result of an overpaid GMP, please contact Prospect.

Private sector schemes

Pension scheme administrators are required to adjust pensions based on the amount payable under the scheme rules. But trustees may ask members to repay overpayments.

Schemes may also propose reducing the amount of pension paid in the future to a level that allows for the corrected data on GMP.

If you've been overpaid

The chances are that your pension has been calculated correctly. But if your pension scheme contacts you with a demand to repay overpaid pension, follow these key steps:

Beware of scams

Unfortunately, criminals are targeting pension scheme members. Read the Pensions Regulator's guidance: www.thepensionsregulator.gov.uk/pension-scams.aspx

Get a full explanation

Ask the scheme for a full explanation of how the error arose, who was at fault and confirmation that the latest figures are correct.

Overpayment time limits

In England, Wales and Northern Ireland, schemes cannot recover overpayments that are more than six years old. In Scotland the time limit is five years. This may result in schemes having to write off at least a portion of the overpayment.

Challenging repayments

Pension schemes have a duty to pay the correct amount of pension due under the rules and it is not usually possible to rely on an error in your



■ *Mott – The House of Commons library has produced a useful briefing note on GMP increases: bit.ly/gmp_pens*

favour.

However, it should be possible for members to argue that (a) the problem was the scheme's fault and (b) there is no possible way they could have been aware of it.

Members who have changed their financial position in a way they cannot undo might be able to argue that the scheme should write off some, or all of the overpayment.

Whether a scheme can reduce the amount of pension in the future will depend on each case. However this may be allowed unless you can show that you made irreversible decisions on the basis of the incorrect information provided by the scheme.

How to complain

Members who are unhappy with how a repayment demand has been handled can complain to their scheme administrators.

All pension schemes have a formal complaints process called an Internal Disputes Procedure.

Members unhappy with the resolution of their complaint can contact the Pensions Ombudsman.

■ **Prospect can support members too. Email: pensions@prospect.org. uk or call us on 0300 600 1878**

Compensation limits from the Pension Protection Fund challenged by European Court opinion

An influential legal opinion on the Pension Protection Fund (PPF) could assist Prospect members, such as those in the AEAT Scheme, and in Carillion, whose pension schemes have failed leading to their benefits being subject to PPF caps on the level of pension and on indexation of their pensions.

The case of *Grenville Hampshire v The Board of the Pension Protection Fund* was recently heard at the European Court of Justice (ECJ).

The PPF is a “lifeboat” fund for pensioners whose defined benefit pension scheme failed because of the sponsoring employer’s insolvency. The PPF apply a 90% cap on the value of benefits due at pension age, with an upper ceiling, and no indexation is paid on pension benefits accrued prior to 5 April 1997.

A number of former members of a scheme that entered the PPF challenged the cap on compensation because it meant they would receive less than 50% of their promised benefits. Protection of pensions in the event of insolvency is a requirement of the EU Insolvency Directive so the UK Court of Appeal referred a number of questions about the interpretation of that directive to the ECJ.

In a preliminary opinion published on 26 April, the Advocate General concluded that individuals should receive compensation of at least 50% of the value of their accrued rights. A final ruling is expected in three or four months. The ECJ is not bound to follow the Advocate General’s opinion but does so in most cases.

Neil Walsh, Prospect pension officer, explained: “This is only a preliminary opinion and there are a number of further potential stages in this legal process. However, if PPF compensation was adjusted to reflect this opinion, it would impact two different groups in quite different ways.

“There are a relatively small number of PPF beneficiaries whose pension compensation is limited by a maximum cap on benefit payable from the PPF. This small group of people could see a large increase in compensation immediately.

“The opinion also seems to suggest that compensation should never be less than 50% of the pension that would have been payable if the insolvency did not happen. This could provide a floor on compensation for people who would otherwise be impacted by the loss of inflation protection in the PPF. While this would have no immediate impact, it should provide greater peace of mind in relation to long-term compensation levels for everyone in the PPF.”



■ **Luxton – Prospect is continuing to monitor the ECJ case**

David Luxton, RMG group secretary, said: “The loss of indexation on pre-1997 service has hit AEAT pensioners particularly hard, as most of the 3,000 scheme members affected had transferred all of their UKAEA accrued pension service into the AEAT Scheme on privatisation in 1996 and now get no indexation of that pension, and a PPF cap on post-1997 service. This will over time lead to benefits getting close to 50% of the pension promised.

“Prospect is continuing to monitor the ECJ case and a decision is expected in the next few months. Hopefully the Court will endorse the minimum level of pension protection advised by the Advocate General so that pensioners who have already lost out significantly maintain a minimum level of compensation”.

STOP PRESS: Concern over generational contract report

AS WISEEYE was going to press, *A New Generational Contract*, the final report from the Resolution Foundation’s Intergenerational Commission, was published.

The commission says its aim is to explore “questions of intergenerational fairness”.

The report includes 10 policy recommendations, one of which will be of particular to Prospect RMG members. It states:

“Introduce a £2.3 billion ‘NHS levy’ via National Insurance on the earnings of those above State Pension age and limited National Insurance on occupational pension income.”

David Luxton, RMG group secretary, said: “The RMG national committee will be closely following any developments arising out of this report and, if necessary, will be putting our views forward.”

■ **Read the full report from the Resolution Foundation: http://bit.ly/intergen_report**



Prospect Lawyers handled over 550 asbestos claims

PROSPECT LAWYERS have dealt with more than 550 asbestos related claims on behalf of members over the past 18 years.

A breakdown of the claims was provided at the request of the RMG National Committee, following a presentation by **Frances McCarthy**, of solicitors Pattinson and Brewer, at the 2017 RMG Annual Delegate Conference.

■ *Any member wishing to pursue a personal injury claim can email: helen.hall@prospect.org.uk*

	Case count	Settled		Abandoned		Live
		Total	%	Total	%	
Asbestos	438	279	67%	138	33%	21
Asbestosis	4	1	50%	1	50%	2
Mesothelioma	97	76	88%	10	12%	11
Pleural Plaques	9	5	63%	3	38%	0
Pleural Thickening	4	2	50%	2	50%	0
TOTAL:	552	363	70%	154	30%	34

AEAT campaigners call for select committee inquiry

PROSPECT HAS asked Frank Field MP, chair of the work and pensions select committee, to inquire into the failure of the AEAT pension scheme.

When AEA Technology plc went into administration in 2012, the scheme went into the Pension Protection Fund and members are losing a substantial part of their pensions.

Prospect negotiator **David Luxton** said: "Frank Field did an excellent job of exposing bad pensions advice at British Steel. Our members were just as badly misled by the Government Actuary's Department in 1996 who had failed to highlight the risks to accrued pension benefits in the event of scheme failure."

Successive pensions ministers have tried to avoid an independent inquiry into AEAT pensions. In March pensions minister Guy Opperman MP advised Frank Field that the Pensions Ombudsman could investigate, when the Ombudsman had already ruled that it could not. Sir Oliver Letwin MP has asked him to correct this misleading advice.

In April the Parliamentary and Health Service Ombudsman (PHSO) ruled that he also could not consider the AEAT case, despite pensions minister Steve Webb advising AEAT pensioners to go to the PHSO in 2014.

Prospect's AEAT pension campaign working group and the independent AEAT

pension campaign are calling for AEAT pensions to be restored to their promised values.

Many AEAT pensioners have written to their MPs and this is helping to turn the tide in their favour.

If you are affected, or know of anyone who is, please contact **AEATpensions@prospect.org.uk** or write to **David Luxton, Prospect, Flaxman House, Gogmore Lane, Chertsey KT16 9JS** to support the campaign and get guidance on writing to your MP.

■ *To find out more about the AEAT pensions scandal search online for "AEAT Pensions Dossier"*

CMMDNI Area Visit to National Waterways Museum



RMG MEMBERS from the Cheshire, Manchester, Merseyside, Deeside, North Wales & Isle of Man (CMMDNI) combined their April members meeting with a guided tour of the National Waterways Museum in Ellesmere Port, where the meeting was held. The museum is situated where the Shropshire Union Canal meets the Manchester Ship Canal and the River Mersey. It was a major trading hub in the 19th century.

■ *For more information: <https://canalrivertrust.org.uk/places-to-visit/national-waterways-museum>*

NPC Pensioners' Parliament 2018

PROSPECT'S RMG national committee is sending four delegates to the NPC Pensioners' Parliament, which is being held from 12-14 June in Blackpool.

The event will include a march, opening rally and keynote speakers on topics such as pensions, health and social care, transport, loneliness and funeral poverty.

Tickets are on sale at **www.npcuk.org** and are priced at £10 for the three-day event or £5 for a day ticket.

John Ford: a founder member of the RMG

IT'S BEEN nearly two years since John Ford, a founder member of the RMG, died suddenly in his sleep at the age of 85.

Despite his age, he was active and engaged in the RMG and elsewhere. His caring nature was reflected in his retirement interests – his family, the Rotary Club and Prospect.

John was a representative on the RMG national committee.

He was also former chair of the Scotland North area RMG. He was a delegate to the 2016 conference. He also served as a respected local councillor for Labour, a position he was first elected to in 2003.

John was a family man, engineer, trade unionist, politician and carer. His counsel, contribution and presence remain sadly missed.

Please tell us your email address ...

With more information being circulated digitally by Prospect, it is becoming increasingly important to register your email address with us to ensure you receive regular updates. If you wish to do so, please email annette.cooper@prospect.org.uk. Alternatively, if you are registered on Prospect's website, you can amend your own details at <https://www.prospect.org.uk/member/details>

Meetings and obituaries

Members can find meeting dates at www.prospect.org.uk/rmg. Please email new meeting details to comms@prospect.org.uk. To see the names of deceased members, please visit www.prospect.org.uk/obituaries. If you are not registered, first go to www.prospect.org.uk/register

Upcoming meetings & AGMs

Avon Valley area AGM

17 October, 2pm. In the café area of Bath Pavilion. **Contact** Jacqueline Cobb – email AvonRMG@buhund.plus.com. For members in postcodes BA, BS, SN and SP.

Central Southern area meetings and AGM

Meetings 11 September, 20 November, 15 January 2019. **AGM** 6 November. All start at 11am. All at Royal Maritime Club, 75-80 Queen Street, Portsmouth, PO1 3HS. **Contact** Patrick Davies – email patrickm.davies@ntlworld.com. For members in postcodes PO and SO.

East Anglia area meeting and AGM

Meeting 11 July, 1pm. **AGM** 21 November, 1pm. Guest speaker Sue Ferns, Prospect senior deputy general secretary. Both at the Red Lion Hotel, Station Road, Whittlesford, Cambridge CB22 4NL. **Contact** David Mills – email d.n.mills@btinternet.com or call 01473 210797. Contact David in advance for emailed copies of meeting papers and/or directions. For members in postcodes CB, CM, CO, EN, IG, IP, NR, PE, RM and SS.

London Central area AGM

15 November, 11am. Council Room A, New Prospect House, 8 Leake Street, London SE1 7NN. **Contact** Ireen Goulding – email ireen.goulding@gmail.com or call 07939 201857. For members in postcodes BR, CR, E, EC, HA, KT, N, NW, SE, SM, SW, TW, UB, W and WC.

North West area AGM

18 October, 10.30am. The County Hotel, Lancaster Rd, Carnforth LA5 9LD. **Contact** Yvonne Hargreaves – email yvonnehargreaves@btinternet.com or call 07754 763553. For members in postcodes BB, CA, FY, LA and PR.

Scotland North area meetings and AGM

Meetings 25 July. Royal Highland Hotel, 18 Station Square, Academy St, Inverness IV1 1LG. 28 November. Station Hotel, 78 Guild St, Aberdeen AB11 6GN. **AGM** 17 October. Civil Service Club, 11 St Leonard's Bank, Perth PH2 8EB. All starting at 2.45pm, tea and coffee from 2.30pm. **Contact** Charlie Bruce – email charlie.b@btinternet.com or call 01382 884575. For members in postcodes AB, DD, FK (7 et seq), HS, IV, KW, KY, PA (20 et seq), PH and ZE.

South East England area meeting and AGM

Meeting 18 July, 12.30pm. Patcham Community

Centre, Ladies Mile Road, Patcham, Brighton BN1 8TA. **AGM** 7 November, 12.30pm. Angel Leisure Centre, Angel Lane, Tonbridge, Kent TN9 1SF. **Contact** Iain Findlay – email iainfindlay1@hotmail.co.uk or call 07713 511716. For members in postcodes BN, CT, DA, ME, RH and TN.

Southern area meeting

31 May, 11am. Lyme Regis Guildhall, Lyme Regis DT7 3QA. Guest speaker David Luxton, RMG group secretary. The meeting will also feature a brief talk about Lyme Regis mill, which was mentioned in the Domesday Book and is now a hydroelectric generating station, followed by a tour of the mill (only a few yards from the Guildhall). **Contact** Bob Milner – email info@tudorgrangehotel.co.uk or call 01202 296553. For members in postcodes BH, DT, TA.

South West Midlands area meeting

12 July, 2pm. Viridor's Ardley energy recovery facility, Middleton Stoney Road, Ardley, Bicester OX27 7AA. A tour of the facility will be followed by a short general meeting. Numbers are limited; registration compulsory two weeks prior. Safety equipment will be provided but please wear sturdy shoes. **Contact** Malcolm Andrew – email malcolm@g8nrp.net. For members in postcodes GL and OX.

Thames Valley area AGM

27 November, 10.30am, tea and coffee from 10am, buffet available after meeting. Reading International Solidarity Centre (RISC), 35-39 London Street, Reading RG1 4PS. Guest speaker David Luxton, RMG group secretary. **Contact** Bob Simmons – email bob.simmons@ntlworld.com or call 01635 820602. All members welcome but only members in postcodes GU, RG and SL may vote.

Wales area meeting and AGM

Meeting 17 September, 10.30 for 11am start. Suite 4, Unite Building, 1 Cathedral Road, Cardiff CF11 9SD. **AGM** 2 November, 10.30 for 11am start. National Waterfront Museum, Oystermouth Road, Swansea SA1 3RD. **Contact** David Evans – email e.davidllewellyn@yahoo.co.uk. For members in postcodes CF, LD, NP, SA and SY.

West Midlands area meeting and AGM

Meeting 17 July, 12 noon, refreshments from 11.30am. 27 November, meeting will follow AGM. **AGM** 27 November, 12 noon, refreshments from 11.30am. All at The Pear Tree, Smite Lane, Worcester WR3 8SY. **Contact** Les Vaughan – email lesvaughan@btinternet.com or call 07972 691272. For members in postcodes B, DY, HR, ST, TF, WR, WS and WV.