

Pensions Action Group (P.A.G.)

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PENSIONS FREEDOM FOR SOME, BUT NOT FOR THOSE IN THE FINANCIAL ASSISTANCE SCHEME.

Pension Victims meet officials to plead for fair treatment

The Pensions Action Group, formed in 2003 to help over 300,000 people and their families whose final salary pensions were taken away from them by flawed legislation when their company scheme failed, met with the Financial Assistance Scheme (FAS) management team last week to seek an end to draconian and unfair repayment demands being made to many of those already in receipt of their FAS awards. The senior management at the Pension Protection Fund, who administer FAS, were very understanding but have to work under the constraints of the DWP driven legislation. Disappointingly, despite previous meetings highlighting the problems, Pensions Minister Steve Webb has still not solved the problems highlighted in the scheme in recent years.

Under the Coalition, some members who have been living on the payments from the FAS have recently been receiving demands to repay thousands – or even tens of thousands – of Pounds in supposed ‘overpayments’ which the DWP wishes to claw back from them. The victims are either being told to pay this money back as a lump sum, or they face a permanent reduction in future payments that takes their ongoing amounts well below the assumed 90% of the FAS level, to reflect supposed past administrative errors, but this ‘lifetime reduced rate’ continues even after the amount owing has been repaid. This is causing severe hardship and distress. It is also unfair – but even more worrying is that both the FAS and Capita (the outsourced management contractor) seem in many cases unable to satisfactorily explain or justify their own figures.

This issue has been so badly handled that it has caused further severe injustice to the victims, which the Coalition refuses to remedy. When a few members have challenged the calculations, the figures originally supplied to the FAS have been found to be wrong time and again, so others who have also been allegedly overpaid, may have had money clawed back unfairly. These are now elderly people who suffered the trauma of losing their pensions and some now in their 70's are facing further stress

The P.A.G., led by Dr Ros Altmann CBE was instrumental in pleading for the introduction of legislation that resulted in the Pension Protection Fund (PPF) and the Financial Assistance Scheme (FAS) that were intended to protect workers who lost their pensions through no fault of their own.

We welcome the recent introduction of the ‘Pensions Freedom’ reforms mostly directed at Defined Contribution Schemes. We acknowledge that the Government is warning workers to look out for the scammers and sharks.

Those of us in the FAS, however, appear to have been abandoned in the pensions wilderness. We have to be very wary not only of the sharks but also of the tentacles of the

DWP octopus that seems determined to claw back a large proportion of the financial assistance we fought so hard to achieve. Despite supportive pre-2010 Election comments from Steve Webb and George Osborne, the DWP still refuses to consider resolving the many unfairness issues and anomalies within FAS – and has introduced new injustices, as well as reducing the future scheme benefits.

Terry Monk, one of the victims who, even in the Financial Assistance Scheme, is losing around half his pension, explains: 'It is totally misleading to suggest FAS pays 90% of the members expected pension. This is only 90% of a figure that FAS says is the expected pension, but that figure leaves out a chunk of the worker's promised pension'.

The inflation protection has all but been removed from almost all FAS member benefits and the Coalition has since reduced what little protection there was by increasing payments in line with CPI, rather than the original RPI that many schemes had in place.

One of the other issues that demonstrate the double standards of Government is their refusal to pay a handful of people any FAS pension for the period between their retirement date and when the Labour government introduced FAS in May 2004. This is a relatively smaller issue but not for those affected! Steve Webb claims FAS do not keep the members information about this, but we think he should try harder, as we know it is available.

As Dr. Ros Altmann has commented "People who fought for years at their own expense and were promised a fair restoration of most of their lost pensions, which itself was as a consequence of flawed legislation, have ended up being told to repay thousands of Pounds they don't have. Then when they challenge the calculations some are given another figure, and then on a further challenge are given yet another different amount!

We have many instances where those affected don't have confidence in these calculations.

Much of the problem seems to lie with the Administrators or Trustees of the failed schemes or with Capita and the FAS who have calculated members' pensions incorrectly. But those who have made the mistakes are not being pursued to pay for them. All the costs of the mistakes are charged to the members. The PAG has complained repeatedly about this but nothing has been done. Last week's meeting was a further attempt to highlight this further injustice.

We had hoped during the Parliament just ended that statements made by politicians before the 2010 election would resolve many of the recognised unfairness within the Financial Assistance Scheme. Yet all that has happened is that FAS regulations have got worse under the Coalition, not only in the value of the benefits, but the DWP's notion of the scheme has led to thousands of retired people facing subsequent repayments as described above. We believe the Coalition has let down these good people and forced them to bear the brunt of the mistakes made by flawed information and calculations.

How can the Government treat us this way when David Cameron said very recently: 'Hard working people who did the right thing should be looked after.' He should have qualified his statement by adding 'Apart from those people who worked hard and did do the right thing but whose company final salary schemes failed.'

And George Osborne said when introducing the new reforms:

'From today, over 400,000 hardworking people will have new choices about how to invest or spend their hard-earned retirement savings.'

A great opportunity for some, but Government must be prepared to act quickly when mistakes are made. Our members are living examples of what happens when Government refuses to accept its responsibility. Pension savings rely on confidence.

We need a proper investigation and redress for the further suffering and injustices caused.

We are asking for an urgent and thorough review of the Financial Assistance Scheme, both in its scope for providing benefits that were lost through Government maladministration, and to determine where and why the current administration is proving to be incompetent. We are asking all political parties to commit to a proper review of the operation of the Financial Assistance Scheme and to introduce measures to rectify the appalling financial situations so many of our members are now finding themselves in through no fault of their own.

End.

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