



Pension Overpayment Policy: Managing, Preventing and Recovering Pension Overpayments

Approved by the Pension Committee December 2025





Contents

About this guide	2
Scope of the Policy	3
Policy objectives	3
Prevention of overpayments	4
Responsibility of Scheme members.....	5
Managing overpayments of pension and lump sums	5
Overpayment following the death of a member	5
Overpayment where a Scheme member is living	6
Cases where SCPF may not seek recovery	8
Unauthorised payments	8
Disputes.....	9
Conclusion	9
Contact us	10

About this guide

The Shropshire County Pension Fund (SCPF), on behalf of Shropshire Council as the Administering Authority, manages and administers the Local Government Pension Scheme (LGPS). SCPF is responsible for ensuring accurate pension benefit payments to members and Scheme employers. Due to the complexities involved in pension administration, errors and overpayments may sometimes occur. The Pension Overpayment Policy outlines procedures for preventing, managing, and recovering overpayments to protect the interests of the Fund and its stakeholders.



Scope of the Policy

This policy is relevant to a wide range of individuals and entities associated with the LGPS, including:

- All current and former members of the LGPS and their dependants
- Councillor members
- Pension credit members
- Executors of the estates of LGPS members
- Beneficiaries of LGPS members
- SCPF administrators

This definition of scope provides clarity for all parties who may be involved in or subject to the handling of pension overpayments.

Policy objectives

The primary objectives of the SCPF Pension Overpayment Policy are as follows:

- To ensure benefits are accurately disbursed to eligible individuals in a timely manner.
- To facilitate the prompt identification of errors by encouraging members to proactively review their payslips and payments.
- To recover overpaid benefits where appropriate and feasible, with the co-operation of the member involved.
- To address and resolve instances of overpayment in a fair and equitable way.
- To implement robust processes that prevent and mitigate the risk of fraudulent activity.
- To maintain high standards of governance, enabling informed decision-making and ensuring compliance with all relevant legislation and statutory guidance.

These objectives underscore the Fund's dedication to operational integrity, sound financial management, and comprehensive support for its members.



Prevention of overpayments

SCPF undertakes a series of proactive measures to minimise the risk of pension overpayments. Key preventive steps include:

- **Mortality screening:** SCPF employs a mortality screening provider, receiving monthly reports to identify deaths within its membership through national databases.
- **Bank account verification:** SCPF uses bank account verification software to confirm that each member's bank account is valid and belongs to the correct person, reducing fraud.
- **Member communication:** All correspondence with members includes reminders to inform SCPF of changes in circumstances or deaths, helping to keep records up to date.
- **Suspension of payments:** If Scheme correspondence is returned (e.g., due to a member's death), pension payments are suspended pending investigation, reducing the risk of overpayment.
- **Tell Us Once service:** SCPF is linked to this centralised service, allowing bereaved individuals to notify multiple government agencies of a death in one action, enabling rapid updates to pension records.
- **National Fraud Initiative:** Conducted every two years, this initiative cross-checks pensioners against the Department for Work and Pensions database for deceased individuals, flagging discrepancies for investigation.
- **Overseas life existence checks:** SCPF requires overseas pensioners to provide certified proof of life, by paper certificate, and the fund will be introducing online biometric verification to help reduce the risk of fraudulent claims.
- **Centenarian checks:** Annual reports identify members approaching or exceeding 100 years of age, prompting requests for life existence certificates; non-response leads to suspension of payments.
- **Child pension reviews:** Periodic checks are run for child pension recipients over age 18 to confirm continued eligibility.
- **Payroll change tracking:** SCPF maintains robust systems for identifying and processing payroll changes, ensuring timely updates to pension entitlements.

By employing these strategies, SCPF aims to detect and prevent overpayments before they occur, thereby protecting both the Fund and its members



Responsibility of Scheme members

Scheme members play a vital role in maintaining the accuracy of pension payments.

Members are expected to:

- Notify SCPF if they identify or suspect that their pension payments exceed their entitlement
- Regularly review payments against quotes and correspondence received from SCPF

If a member believes there is a discrepancy, they should promptly raise a written query using one of the following channels:

- Member Self Service Portal:
<https://mypension.shropshirecountypensionfund.co.uk/login>
- Email: pensions@shropshire.gov.uk
- Contact form: [Contact us | Shropshire County Pension Fund](#)
- Post: Pensions, PO Box 4826, Shrewsbury, SY1 9LJ

This collaborative approach helps ensure that errors are caught early and resolved efficiently.

Managing overpayments of pension and lump sums

In the event of an overpayment, SCPF endeavours to recover the funds in a timely, effective, and cost-efficient manner. Legal proceedings are considered only when alternative methods have been exhausted or if it is required by law.

Overpayment following the death of a member

Despite best efforts, overpayments on the death of a member are sometimes unavoidable, especially when notification is delayed. Pension payments are typically made monthly in arrears, resulting in a minimal overpayment if the member passes away shortly before a scheduled payment.



Upon notification of a death, SCPF acts sensitively and promptly:

- Confirmation of the date of death and calculation of net overpayment, typically within 10 working days
- Contacting next of kin or the estate representatives to explain the overpayment and available recovery options
- Agreeing on a recovery method before action is taken; methods include reductions to death grants, lump sum payments from the estate, or reduced dependant pensions paid overtime
- When there are multiple dependants, including those under the age of 18, efforts are made to involve adult dependants in resolving all associated overpayments.
- In situations where the next of kin is unidentified or has not established contact, SCPF will initiate a next of kin trace through Mortality & Trace services.
- If contact cannot be established, an invoice is issued to "The Estate of [Member's name]" at the last known address or to the personal representative
- If recovery by agreement is not possible, overpayment recovery will follow Shropshire Council's debt recovery policy.

All actions regarding overpayments in these circumstances are handled with special care and sensitivity.

Overpayment where a Scheme member is living

Occasionally, overpayments are identified while the member is still alive, either through self-reporting or fund discovery. When members raise a query, SCPF responds quickly and outlines the expected investigation timeframe.

When an overpayment is confirmed:

- Notification is sent to the member with details of the net overpayment
- An immediate adjustment of future pension payments to the correct level
- Agreement is established on the recovery method prior to issuing an invoice for the overpayment.



Recovery options include:

- Member instalment payments
- Lump sum contributions (from savings or asset liquidation)

Deductions from ongoing pension payments will be made, provided the remaining balance exceeds the minimum income guarantee.

Minimum Income Guarantee

People receiving local authority-arranged care and support other than in a care home need to retain a certain level of income to cover their living costs. Under the Care Act 2014, charges must not reduce people's income below a certain amount, but local authorities can allow people to keep more of their income if they wish. This is a weekly amount and is known as the minimum income guarantee (MIG).

- Financial and pension regulations do not stipulate a specific percentage by which an individual's pension may be reduced. In determining any reduction, we consider both the potential for financial hardship and the need to facilitate recovery of the overpayment within a reasonable timeframe.
- Charging orders on assets may be used to secure high-value overpayment debts, but only after all other options are exhausted.
- If the overpayment is a lump sum, SCPF will usually recover it in a single payment. However, instalments may be considered if a lump sum payment is unsuitable.

The method chosen is determined on a case-by-case basis, considering circumstances and potential impacts.



Cases where SCPF may not seek recovery

SCPF generally does not pursue recovery of overpayments below £250, as such action is deemed not cost-effective. This includes death grant overpayments, which are written off as liabilities against the scheme member's former employer.

Other circumstances where recovery may not be sought:

- If the member dies mid-month and a full monthly pension is paid (resulting in an overpayment for part of one month), this excess is written off. This affects a limited number of cases.
- Bulk reconciliation (such as GMP reconciliation) may uncover numerous overpayments; decisions on writing off these are made by SCP, guided by relevant national advice.
- All or part of an overpayment may be deemed irrecoverable; waivers can be considered by factors like the member's awareness, size of overpayment, cost of recovery, limitation periods, and the member's age, health, and financial position.

Waivers are approved by designated individuals according to Shropshire Council's debt recovery policy.

Unauthorised payments

Most pension overpayments result from genuine error. Where overpayments are waived, they are treated as authorised payments under the Registered Pension Schemes (Authorised Payments) Regulations 2009.

In rare cases, an overpayment is classified as unauthorised and may incur a tax charge for the member. If the member could not have reasonably known about the overpayment, SCPF may offer to pay the tax charge on their behalf.



Disputes

If there is disagreement with any policy decision, scheme members and dependants have the right to appeal through the scheme's Internal Dispute Resolution Procedure (IDRP).

Details of this procedure are provided on the Fund's website:

<https://www.shropshirecountypensionfund.co.uk/about-us/appeals-idrp/>

Conclusion

Shropshire County Pension Fund remains committed to the responsible management of pension payments, seeking to prevent, identify, and resolve overpayments with fairness, efficiency, and sensitivity. This policy ensures that all parties are informed and protected, balancing the need for fiduciary responsibility with a compassionate approach in challenging circumstances.



Contact us

The Shropshire County Pension Fund is a data controller under data-protection law. This means we store, hold and manage your personal information in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we must share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your information, who we share it with and what rights you have, you can ask for this information from the fund, please visit www.shropshirecountypensionfund.co.uk.

If you can read this but know someone who cannot, please contact us on 01743 252130 so we can provide this information in a more suitable format.

Office hours

Monday to Thursday	8.45am to 5.00pm
Friday	8.45am to 4.00pm

Helpdesk phonelines are open	Monday, Tuesday, Thursday: 10am to 4pm
	Wednesday, Friday: 10am to 1pm (excluding bank holidays).

Contact details

Contact form: [Contact us | Shropshire County Pension Fund](#)

Website: <https://www.shropshirecountypensionfund.co.uk/>

Tel: 01743 252130

Write: Pensions, PO Box 4826, Shrewsbury, SY1 9LJ

Administered by

