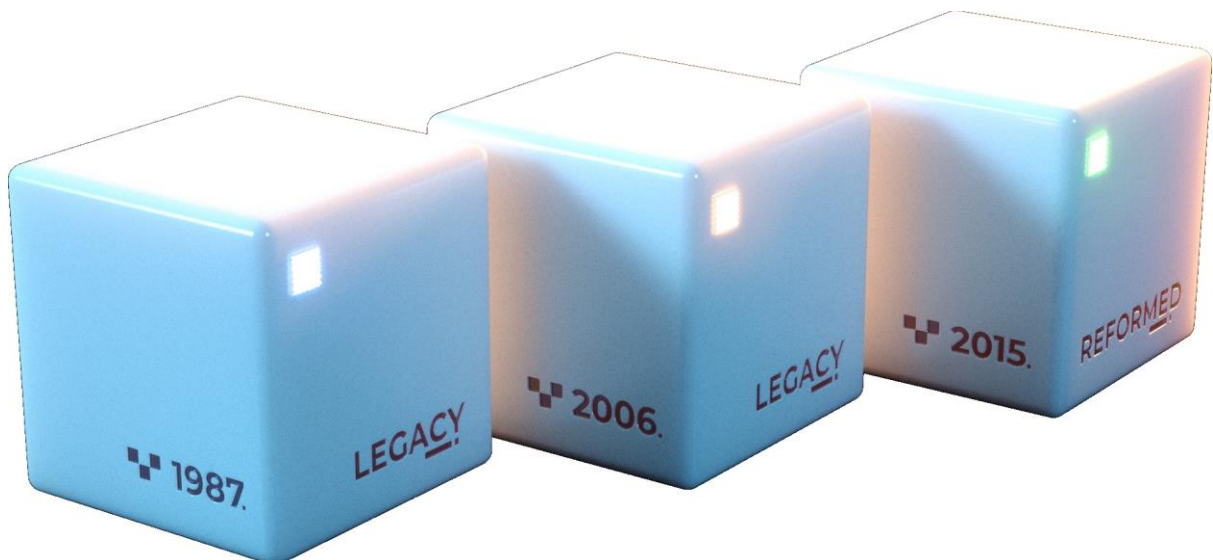


NPCC Police Pensions Member Remedy Factsheet

Compensation



Contents

| | |
|--|---|
| Introduction..... | 3 |
| Am I eligible to make a compensation claim? | 3 |
| What is a compensation claim? | 4 |
| What are the types of compensation claims? | 4 |
| Automatic claims..... | 4 |
| Non-automatic claims | 4 |
| Accountancy services | 5 |
| Independent financial advice..... | 5 |
| Legal services | 5 |
| Financial loss..... | 5 |
| Part 4 tax loss | 5 |
| What is not payable as a compensation claim? | 6 |
| When can I make a compensation claim? | 6 |
| How do I make a compensation claim? | 7 |
| What is the process for a compensation claim?..... | 7 |
| What are the timescales to make a compensation claim?..... | 8 |
| What can I do if I've not heard anything about my case?..... | 8 |
| What can I do if my compensation claim is declined?..... | 8 |
| Legislation..... | 9 |
| Disclaimer | 9 |



Introduction

In April 2015, a new pension scheme (called PPS 2015) was introduced. As part of the roll out of the new scheme, some members were given ‘protection’ and remained in their legacy scheme for a set period of time after April 2015.

After a legal challenge, the courts determined that these protections were age discriminatory and not fair to all members of the pension scheme i.e. younger members in the scheme were missing out on additional years of benefits from the original pension schemes.

The changes introduced from 1 October 2023 aim to give all members the same choice of benefits for the remedy period (1 April 2015 to 31 March 2022).

As part of the decision-making process, or because of choice made, there may be some loss which may be compensated for. This document sets out what can be claimed for and the process for making a claim.

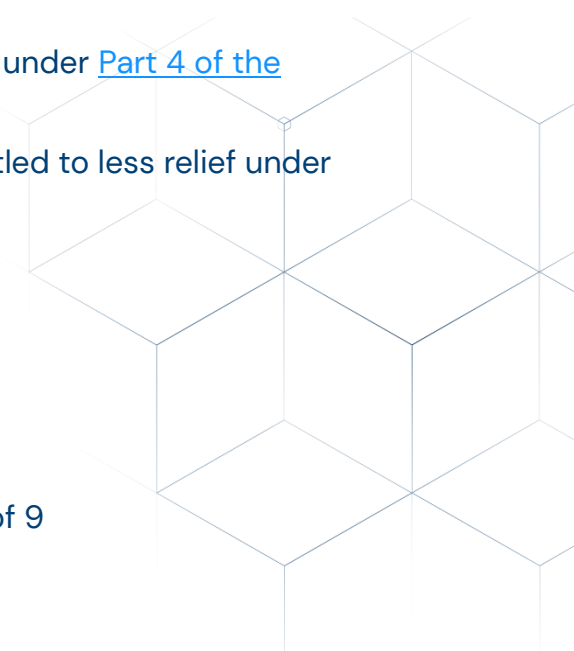
Am I eligible to make a compensation claim?

An application to make a compensation claim may only be made by:

- A remedy member, or
- A personal representative of a deceased remedy member, or
- A designated person (who has ordinary or lasting power of attorney), where the remedy member is not deceased.

Eligible claims for compensation where a loss has been suffered will fall into one of three categories, a compensation claim must be:

- a) Attributable to the non-discrimination rule, or
- b) Attributable to the application of remedy, or
- c) A Part 4 tax loss, which is either as a result of:
 - i. Incurring a charge or an increased charge under [Part 4 of the Finance Act 2004](#), or
 - ii. Not being entitled to a relief or being entitled to less relief under [Part 4 of the Finance Act 2004](#).



What is a compensation claim?

A compensation claim will be for a specific financial loss which is clearly identifiable. It will have been incurred by a member either because of the discrimination or as a result of putting a member in the same pension position that they would have been in if the discrimination had not occurred.

What are the types of compensation claims?

Compensation payments will fall into either automatic or non-automatic compensation claims.

Automatic claims

Automatic compensation claims will be paid to you automatically without the need for you to complete a compensation claim form.

These claims can be paid at the earliest opportunity when all the relevant information is available and must be paid to fulfil the requirements of legislation; there is no choice for the member.

The types of automatic compensation claims are:

- Members of the PPS 2015 scheme who bought added pension in the PPS 2015 scheme during the remedy period will receive a refund of 2015 added pension contributions that they paid during the remedy period.
- PPS 2006 legacy scheme members who are returned to their legacy scheme will receive a refund of overpaid PPS 2015 scheme contributions. The member will be able to choose the timing of this payment.
- PPS 1987 legacy scheme members who choose PPS 2015 benefits when they make their choice of retirement benefits will receive a refund of 1987 overpaid contributions.
- A protected or taper protected member who commenced a contract to pay legacy scheme added years contributions during the remedy period, but later chooses reformed scheme benefits at retirement will receive a refund of any added years contributions.
- Tax relief for non-active members, excluding opted-out service reinstatement pre and post remedy.

Non-automatic claims

Compensation claims will fall into different categories, there is no definitive list for all the types of claims, but examples are:

Accountancy services

Reimbursement for engaging a suitably qualified accountant to help:

- Calculate a new or revised tax charge due to remedy, or
- Support a taper protected or unprotected member to complete a revised tax assessment, or
- Support to complete information to use the HMRC digital service, or
- Calculate evidence towards a compensation claim.

Independent financial advice

Reimbursement for engaging a suitably qualified independent financial adviser to help with particularly complex cases such as:

- Members who have a contingent decision, such as honoraria to consider, or
- Members who are entitled to Ill-Health benefits in the alternative scheme, or
- Members who have lifetime allowance protections, or
- Members who will have a new or revised tax charge as a result of going back to the legacy scheme, or
- Members who have a pension sharing order.

Legal services

Reimbursement of legal services used for the purpose of re-examining a divorce court order to understand how a divorce affects pension benefits.

Financial loss

Reimbursement for a direct financial loss suffered due to remedy such as:

- An active member who settles a contribution adjustment before retirement and consequently suffers a loss of tax relief on those contributions, when compared to the tax relief that would have been given if the contributions had been paid at the correct time.

Part 4 tax loss

Reimbursement for a Part 4 tax loss which has occurred because of remedy such as:

- An overpaid annual allowance or lifetime allowance tax charge which occurred in an out-of-scope tax year.
- Overpaid lifetime allowance charge when taking into account restoration of lifetime allowance protections.

What is not payable as a compensation claim?

Compensation claims cannot be made nor will be accepted for any of the following:

- Professional advice or services that could have reasonably been obtained from the Scheme Manager.
- A member has already received compensation for the loss in question (e.g. pursuant to a court order), or the compensatable amount has been used to reduce an amount owed by the member.
- An unauthorised payment tax charge on interest for arrears of pension or arrears of lump sum for an immediate choice member.
- An unauthorised payment tax charge on the arrears of lump sum due for an immediate choice member.
- Indirect or hypothetical financial loss as a result of an employment decision (e.g. taken retirement earlier).
- An immediate choice member who is a taper protected member where either of their choices for remedy benefits results in a lower set of benefits than those in payment.
- Legal services fees incurred by a member in the case of litigation.

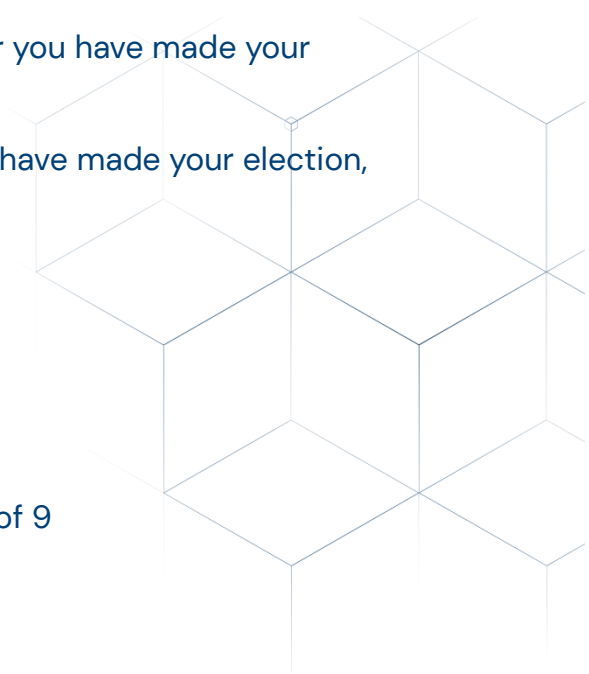
There may be other cases where the scheme manager will not accept the compensation claim, but the reasons for this will be explained to you and you will be able to [raise an appeal](#) if you disagree with the decision.

When can I make a compensation claim?

You should make a compensation claim as soon as the direct financial loss has occurred. You may find that different aspects of remedy will affect your pension at different stages, so you may need to submit compensation claims at different times, as and when each direct financial loss arises.

Typically claims will be received up to six months after you have made your immediate or deferred choice for remedy benefits.

Applications received more than six months after you have made your election, may still be accepted in exceptional circumstances.



How do I make a compensation claim?

You will need to complete the [compensation claim form](#) to make your claim. You should submit a separate claim for each type or claim. You only need to do this for non-automatic claims.

You will also need to consider what evidence should be provided to support your claim. Once you have everything, the claim form and evidence can be submitted to the Scheme Manager for your force.

All claims will need to provide:

- Justification as to how it meets one of the three [eligible categories](#) outlined above, and
- Clear evidence of a direct financial loss such as a receipt, an invoice or a bank transaction.

If the claim is for a Part 4 tax loss, then the application must also contain either a calculation that has been obtained from HMRC or a signed declaration that all information is given to best of your knowledge and belief.

What is the process for a compensation claim?

The Scheme Manager will review your claim for compensation and the evidence you have supplied. If the evidence provided is unclear or incomplete the Scheme Manager will ask you to provide additional information.

When the Scheme Manager is satisfied that they have all the necessary information available, they will assess your claim and decide whether the claim can be accepted or not. Where a claim can be accepted, they will also determine the amount of the compensation that can be paid to you.

What are the timescales to make a compensation claim?

The timescales provided below are the suggested national timescales that have been provided as a guide for Force's, there may be differences for local arrangements.

The Scheme Manager (Chief Constable) for your force will be able to advise you of the timescales that will apply for you.

| Description | Timescales |
|--|------------------|
| The Scheme Manager acknowledges receipt of the compensation claim and the evidence provided. This will include any information about delays that are anticipated, especially where cases may be paused before being progressed to the next stage. | Ten Working Days |
| The Scheme Manager reviews the compensation claim and the evidence provided and makes their decision. | Two Months |
| The Scheme Manager notifies the Member of the outcome of the compensation claim. | Ten Working Days |

What can I do if I've not heard anything about my case?

If you have not received any communication to advise you of a delay, or you are expecting to hear and the timescales set out have passed, you should in the first instance, contact the Scheme Manager for your Force to ask about your compensation claim.

What can I do if my compensation claim is declined?

If your compensation claim is declined by the Scheme Manager for your Force, you will be provided with details of how to raise a dispute through the Internal Dispute Resolution Procedure (IDRP).

Your case will be heard by an Accountable Officer and depending on the process for your Force this may be a Single Stage or a Two Stage process.

You will also have the right of appeal to The Pensions Ombudsman.

Legislation

The legislation that applies to compensation is: –

1. [The Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA 2022)
 - Compensation – [Section 23 to 25 of Chapter 1](#)
2. [The Public Service Pensions \(Exercise of Powers, Compensation and Information\) Directions 2022](#) (The Directions)
 - Compensation – [Directions 8 to 12 of Chapter 3 of Part 2](#)
3. [The Police Pensions \(Remediable Service\) Regulations 2023](#) (Police Scheme Remediable Regulations)
 - Indirect compensation – [Regulation 59 of Chapter 2 of Part 9](#)
 - Application for compensation – [Regulation 60 of Chapter 2 of Part 9](#)

Disclaimer

This factsheet has been prepared by NPCC using the regulations as they stand in May 2024, however they should be used only as an informal view of the interpretation of the Police Pension Scheme as only a court can provide a definitive interpretation of legislation.

This factsheet should not be interpreted as legal advice.