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Will you get YOUR winter fuel payment back? Government rethinks scrapping of popular benefit

- **Claiming pension credit:** Find out how to top up your weekly income

By **TANYA JEFFERIES** ✕

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The Government has U-turned on its scrapping of Winter Fuel Payments for most pensioners, but left everyone hanging on how or when it intends to implement this plan.

More pensioners will be made eligible for the payments, with the threshold being lowered 'as the economy improves', **according to Prime Minister Keir Starmer** speaking in parliament on Wednesday.

Details will be revealed at 'a future fiscal event', which is being taken to mean when the Spending Review is announced on 11 June or in the **Autumn Budget**.

The latter might be cutting it fine to get an overhaul in place before cold weather sets in this winter, unless the Government has a very simple fix in mind to get the payments out to more needy older people.

Last summer Chancellor Rachel Reeves announced plans to start means-testing the annual household payment, worth up to £300, which is intended to help with energy bills.

To qualify you now need to **claim pension credit**, which tops up weekly income to a minimum of £227.10 for single people and £346.60 for couples, **or another eligible benefit**.



Winter Fuel Payment: The annual household payment worth up to £300 is intended to help older people with energy bills

Take-up of a brand new system would be low - so what are the options?

When it comes to how Winter Fuel Payments could be extended to more people again, former Pensions Minister Steve Webb says: 'The Government might need to invent a whole new system to work out who would be entitled.

'This could potentially take a long time to pass the necessary legislation and set up computer systems. Getting this done for winter 2025 would be a huge challenge.'

He says any new system would work on an 'opt-in' basis where a claim would have to be made, leading to a major risk of poor take-up.

'Even with the well established pension credit system backed by massive publicity in the last year, around one in three of those entitled does not claim. Take-up of a brand new system could be even lower than this. '

Webb, who is **This is Money's retirement columnist** and a partner at LCP, floats several other ideas for expanding eligibility again. He says the Government could:

- Reinstate Winter Fuel Payments but make them taxable like state pensions, meaning the wealthiest pensioners would pay back up to 45 per cent of the cash;
- Pay WFPs in full only to people in lower value properties such as council tax bands A-D;
- Make payments only to older pensioners who are more likely to feel the cold and be spending a larger part of their day at home.

An 'urgent decision' is needed in time for next winter

The Prime Minister's 'u-turn of sorts' offers scant comfort for most pensioners as it 'gives no detail, no timescale and is just an aspiration that will depend on it being affordable', says former Pensions Minister Ros Altmann.

'This still leaves millions of pensioners, many of whom are struggling to make ends meet and wondering whether they will get any help,' according to the



campaigner for the elderly who now sits in the House of Lords.

'The costs of administering the pension credit and ongoing low take-up has probably caught ministers by surprise.

'But they also did not factor in the extra NHS costs of more pensioners, who were unable to keep warm enough, becoming ill, calling on their GPs, visiting A&E and being stuck in hospitals awaiting discharge which is often delayed by ongoing social care strains.'

Lady Altmann adds: 'Pensioners have greater needs for winter heating and often have more energy inefficient homes. So many were already struggling to keep their homes warm or cook a hot meal in past winters.'

She called for an urgent decision on how the WFP u-turn will be implemented, saying: 'There are options that could still cost less than completely tax free universal payments.

'Restricting payments to basic rate or non-taxpayers only, along the lines of **child benefit**, or increasing the qualification threshold and aligning it with other means tested benefits, or increasing state pensions to encompass extra money for winter fuel are all options that would be fairer and less damaging. I hope the Government will act quickly.'

> **What are the options for expanding Winter Fuel Payments? Read a rundown of ideas below**



Ros Altmann: Many pensioners were already struggling to keep their homes warm or cook a hot meal in past winters

Get rid of Winter Fuel Payments - and boost pension credit or state pension instead?

Influential think-tank the Institute for Fiscal Studies says the broad difficulty with possible reforms to WFPs is the Government does not generally have information on the total income of a household, unless it receives a claim for a means-tested benefit such as pension credit.

It explains this is why the existing policy tied WFP eligibility to pension credit - because the households involved are known to be low income, and must report all their income. Meanwhile, it is not easy to identify households with incomes slightly too high to be eligible.

'A simple option would be to just undo last summer's policy and return to giving WFP to all pensioners. This would cost around £1.5billion per year, increasing eligibility by about 11 million households,' says Tom Waters, an associate director at IFS.

He suggests other options could include a new means-tested system, making pension credit more generous, paying WFPs to individuals not households, widening eligibility to other benefits, and linking it to low council tax bands.

But he also floats getting rid of WFPs altogether and increasing pensioner income via pension credit or the state pension.

Waters concludes: 'There are two natural options for assessing winter fuel payment eligibility - giving it to all pensioners, or restricting it to those on a means-tested benefit.

'Middle options that significantly increase eligibility are tricky. They come with a significant price tag, or are not well targeted at low income households, or are administratively costly.

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'There is a clear risk to adopting a clunky bureaucratic mechanism for what is, ultimately, a relatively small payment.'

Some 2.5m older people were vulnerable to loss of fuel payments

'The Government should think hard about how to put similar amounts of money back into the pockets of all the pensioners on low and modest incomes who struggled after they lost their Winter Fuel Payment,' says Caroline Abrahams, charity director at Age UK.

She says the Government also needs to restore the confidence of the older population more generally in their ability to afford fuel bills.

'We said last autumn that we were especially worried about the welfare of older people entitled to pension credit but not claiming it; those whose incomes were meagre but that took them just above the line; and others who are seriously unwell and whose heating bills are exceptionally high because they cannot allow themselves to get cold - some 2.5 million older people we estimate in all.'

Abrahams says Age UK will judge the success of any new policy proposals from the Government on the extent to which they help vulnerable older people and those on low and modest incomes to heat their homes adequately next winter.

'A social tariff for energy may be a big part of the longer term answer but in the short term, the Government must act quickly to support pensioners next winter - which may feel a long way off but is really only six months away.'

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