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Confusion reigns after Winter Fuel Payment U-turn



Written By:
Rosie Murray-West

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Pensioners who rely on an annual Winter Fuel Payment to help pay the bills were given hope yesterday when Keir Starmer announced that the Government would look at ways to make more people eligible for it, after cutting it from most pensioners last year.

The allowance, worth £200 or £300, is currently only available for those receiving Pension Credit, which is only awarded to the lowest income pensioners. Around 10 million pensioners in England and Wales lost their eligibility to the payment after the Government’s decision, which was supposed to save £1.4bn.

The Prime Minister said on Wednesday that the Government would look at ways in which more pensioners could receive the payment, with the policy changed at the Autumn Budget. However, he added that the Government would only make “decisions we can afford”.

Critics said the comment, although seen by many as a ‘U-turn’, didn’t actually give certainty to pensioners.

Baroness Ros Altmann, former Minister of State for Pensions, said the Prime Minister’s statement “gives no detail, no timescale and is just an aspiration that will depend on it being ‘affordable’”.

“This still leaves millions of pensioners, many of whom are struggling to make ends meet and wondering whether they will get any help,” she added.



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'SIGH OF RELIEF'

Others said, however, that the announcement would have pensioners "breathing a sigh of relief".

Helen Morrissey, head of retirement analysis at DIY investment site Hargreaves Lansdown, said that although detail is scant, the deal could help pensioners who are just over the threshold.

"However, as yet the change is not set in stone, and we do not know what it might look like. In addition, any change would not be announced until the Autumn Budget at the earliest.

"In the meantime, it is important that if pensioners feel that they might be eligible for Pension Credit that they put in a claim," she added.

To be eligible for Pension Credit, you must have a relatively low income. For single individuals, this is typically around £227.10 per week, while for couples, it's around £346.60 per week.

Older people's charity Independent Age said the announcement was welcome, as linking the payment to Pension Credit "was misguided, and meant far too many older people on low incomes fell through the cracks".

Amy Dodge, head of influencing at Independent Age, added that "there will still be a period of uncertainty and anxiety until details about who is eligible are clearly announced and detailed".

"At a time when higher bills and [rising inflation](#) are stretching budgets to breaking point, older people on low incomes need reassurance that they will be supported to heat their home next winter and beyond," she said.

OPTIONS FOR STARMER

Economic experts said Starmer has several options when it comes to making more people eligible for the benefit, but that all are either expensive or difficult.

Tom Waters, associate director at the Institute for Fiscal Studies (IFS), said one option is to simply give it back to all pensioners.

"This would cost around £1.5bn per year, increasing eligibility by about 11 million households," he said.

Alternatives include creating a new means-tested system, which would cost money and create extra admin, making Pension Credit more generous, making winter fuel a payment based on individual not household income, or giving it to those entitled to disability benefits or in a low council tax band.

Waters added that the Government had moved from one "natural" option for giving the credit – which was giving it to everyone – to another, which was restricting it to Pension Credit recipients.

"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.

“There is a clear risk to adopting a clunky bureaucratic mechanism for what is, ultimately, a relatively small payment,” he added.