

# Chapter 1: The Lie They Sold You About 'Getting What You're Owed'

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**T**here is money with your name on it. It was allocated by Parliament, budgeted by the Treasury, and set aside specifically for people in your situation. It has been sitting there, uncollected, for months. Possibly years. And nobody from the Department for Work and Pensions has knocked on your door to tell you about it.

That is not an accident.



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## Why the System Is Designed to Pay Out Less Than It Owes

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Let me be precise about something, because this book has no interest in conspiracy theories or political point-scoring. The system does not withhold money from you through malice. There is no committee in Whitehall deciding that pensioners should be left short. What there is, instead, is something more mundane and more damaging: **friction**.

Friction is the gap between what you are owed and what you actually receive. It is the form you did not know existed. The phone line that rang out. The letter written in language so convoluted that you put it in a drawer and promised yourself you would deal with it later. The assumption that if anything important needed doing, someone official would tell you.

Every additional step between a person and a benefit they are entitled to reduces the number of people who complete that process. That is not a theory. It is a documented, predictable outcome. And the system, built over decades by different governments with different priorities, has accumulated more friction than any reasonable person should have to navigate alone.

I spent several years working through this material, and I still remember the first time I helped someone close to me understand what they were actually entitled to. The paperwork alone filled a shoebox. Most of it turned out to be irrelevant. But knowing which parts were irrelevant required understanding the whole system first. That knowledge gap is what this book is designed to close.

The system does not steal from you. Friction does. And friction can be defeated, once you know where it sits.



## **The £2.5 Billion Gap: Who It Belongs to and Why It Sits Uncollected**

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The figure most commonly cited in discussions about unclaimed Pension Credit is £1.7 billion. The true figure, according to more recent estimates, is considerably worse.

Approximately 910,000 eligible pensioner households are not claiming Pension Credit right now<sup>1</sup>. The DWP's own take-up statistics show that only around 62% of households entitled to Pension Credit are actually receiving it. The estimated total of unclaimed Pension Credit runs to £2.5 billion every single year<sup>2</sup>.

That is not a rounding error. That is real money, owed to real people, accumulating week by week in a government account rather than in the bank accounts of the pensioners it was intended for.

**£2.5 billion** in Pension Credit goes unclaimed every year. Around 910,000 eligible households are receiving nothing — an average loss of roughly £50 per week each<sup>1,2</sup>.

Age UK's national Advice Line assisted over 6,000 older individuals with benefit checks throughout 2025. Their advisers identified more than £36 million in unclaimed financial help — an average of approximately £5,900 per person assisted<sup>3</sup>. These were not people who had never thought about their finances. These were people who had made contact, asked a question, and discovered, sometimes decades into retirement, that they had been quietly short-changed by a system they trusted to be fair.

## The Inherited Belief That 'If I Qualified, They Would Have Told Me'

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This belief is the most expensive sentence in retirement. It sounds reasonable. It feels responsible — the assumption that an official body managing public funds would proactively inform eligible recipients of what they are owed. It is also completely wrong, and understanding why it is wrong is worth several thousand pounds to you.

The DWP is not structured to find you. It is structured to process claims that are submitted to it. Those are entirely different functions. The burden of identifying an entitlement, understanding the eligibility criteria, completing the application, and submitting the required documentation sits entirely with you, the claimant. That is how the system has always worked, and there is no indication it will change.

On MoneySavingExpert's forum, a pensioner described exactly this assumption playing out in their own life. For years, they had assumed they earned too much to qualify for Pension Credit. They had never checked. When they finally applied, they discovered they did qualify — and received a backdated lump sum covering the three months prior to their claim date, plus access to free dental treatment, Council Tax Reduction, and the Warm Home Discount. Their words: *"life-changing."* Their regret: that they had not applied years earlier.

**Case:** A pensioner on MoneySavingExpert's forum reported that after assuming for years they were ineligible for Pension Credit, one application unlocked a backdated payment plus Council Tax Reduction, free dental treatment, and the Warm Home Discount — additional support worth between £1,500 and £3,000 per year<sup>4</sup>.

The most common reasons pensioners fail to claim, documented by RetirementExpert.co.uk, are: wrongly assuming savings disqualify them (savings under £10,000 are completely disregarded in the means test); stigma around means-tested benefits; and confusion about how the application process actually works<sup>2</sup>.

None of those are reasons. They are barriers made of misinformation. This book removes them, one by one.



## **How Complexity Functions as a Financial Barrier**

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Here is a practical illustration of what navigating the system actually looks like for someone starting from scratch.

Pension Credit itself requires one main application. But accessing everything you are entitled to through that single claim typically draws in: the Council Tax Reduction application (administered locally, different form, different deadline); the Warm Home Discount (applied through your energy supplier, separate process); free NHS dental treatment (HC1/HC2 form, different system); Cold Weather Payment (automatic, but only if your Pension Credit record is correctly linked to your address); and the free TV licence for over-75s (BBC administered, requires proof of Pension Credit status). That is six separate processes, five different organisations, and a paper trail that can span months, before you have received a single additional pound.

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"One of the best things people can do is stop treating pensions like a black box. There are often levers you can pull — but too many people discover that far too late." — Jasmine Birtles, Personal Finance Expert, MoneyMagpie

Now add to that any question about your National Insurance record, Attendance Allowance, Carer's Allowance, or the interaction between your State Pension and income tax. The system does not present itself as a coherent whole. It presents as a series of disconnected letters, each from a different department, each with its own reference number, each written as though the recipient has already read the previous seven.

This is the 11-form problem: not that any single form is impossible to complete, but that the total number of independent administrative actions required to access your full entitlement is large enough to defeat most people before they reach the halfway point.

**Complexity is not neutral.** Every layer of administrative difficulty functions as a filter. People with more time, more confidence with paperwork, and more experience dealing with official bodies get more of what they are owed. People who are older, less digitally confident, or already exhausted by years of confusing DWP correspondence get less. The outcome is not random. It is structurally predictable.



## **What This Book Will Do That a Helpline Call, a Solicitor, and a Google Search Will Not**

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A helpline call gives you a snapshot. It tells you what you have asked about, on the day you called, by someone who may or may not have the complete picture of your circumstances. A solicitor charges for time and focuses on legal questions, not benefit maximisation. A Google search returns a mixture of current guidance, outdated articles, and content written to attract clicks rather than to produce a correct answer in your specific situation.

This book does something different. It maps the entire territory first, so you can see where you are standing, and then gives you the specific steps for each part of the journey.

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"One in three pensioners who could get Pension Credit, aren't claiming it. In a cost-of-living crisis, this is a benefit that people need to know about." —  
Lorna Shah, Managing Director, Retail Retirement,  
Legal & General

Every figure in this book comes from verified official sources or established financial publications. Every deadline is current for 2026/27. Every process described is one a person with no prior knowledge of the system can follow, in the order given, and reach a measurable result: money received, overpayment avoided, entitlement protected.

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### **A Single Concrete Action You Can Take Before You Finish This Chapter**

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You do not need to read this entire book before doing something useful. Here is the most valuable ten minutes you can spend today.

- ✓ Write down your current weekly income from all sources: State Pension, any private or workplace pension, any savings income.
- ✓ Add those figures together to get a weekly total.
- ✓ Compare that total to £218.15 (the 2026/27 Pension Credit threshold for a single person) or £332.95 (for a couple).
- ✓ If your total weekly income is below those figures — or close to them — you may be eligible for Pension Credit right now.
- ✓ Call the Pension Credit claim line on **0800 99 1234** (free, Monday to Friday, 8am to 6pm) and ask them to check your eligibility. You do not need to know the answer before you call. That is their job.

**Pension Credit can be backdated by up to three months** from your date of claim<sup>3</sup>. Every week you delay is a week of backdating you cannot recover. The call takes around twenty minutes. The result, if you qualify, could be thousands of pounds per year, plus access to a range of other entitlements you are currently missing.

That is the principle this entire book is built on. Call it the **First Number Rule**: before you research further, before you read another letter, before you ask anyone else, find your weekly income total and compare it to one number. Everything flows from there.

## KEY TAKEAWAYS

- ▶ The system does not proactively tell you what you are owed. The administrative burden of claiming sits entirely with you.
- ▶ Approximately 910,000 eligible households are not claiming Pension Credit, losing an average of £50 per week<sup>1</sup>.
- ▶ The belief that "they would have told me if I qualified" is the single most expensive assumption in retirement. It is incorrect.
- ▶ Complexity is not accidental. Each additional step between a person and their entitlement reduces the number of people who complete the process.
- ▶ Pension Credit is backdatable by three months. Calling 0800 99 1234 today costs nothing and may produce a measurable result this week.



The First Number Rule tells you whether you are likely to be owed money. But knowing you are owed it is only the first step. The harder question is why — after decades of National Insurance contributions, after a working life of paying into the system — the State Pension itself may not be paying you what you think it is. That requires understanding exactly how the pension system moves money, and where, on that journey from contribution record to bank account, things quietly go wrong.