

'I've been fighting 13 years for my £150k pension shortfall – then Reeves dealt me a hammer blow'

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Maurice Alphandary, 70, held hopes Labour would end his struggle but the Chancellor's Budget confirmed his money would be lost forever Credit: John Lawrence

Listening to the radio as he drove home on [Budget day](#), Maurice Alphandary dared to dream that the 13-year fight for his pension might finally be over.

By the time he pulled up, however, he'd lost more than £150,000.

Mr Alphandary, 71, is among 430,000 people currently receiving payments from the [Pension Protection Fund](#) (PPF), a government-backed lifeboat that steps in to pay retirees when defined benefit schemes go bust. The Financial Assistance Scheme (FAS) is a similar government-backed body but covers those who lost their pensions before the PPF was established.

While the PPF and FAS support members of pension schemes whose employers have become insolvent, there are strict rules preventing pension entitlements built up before 1997 from rising with inflation. In addition, any increases for subsequent years are capped at just 2.5pc.

It has left more than a quarter of a million pensioners watching helplessly as inflation erodes their retirements, leaving many with six-figure losses.

On Nov 26, after years of fighting for change, Rachel Reeves's Budget confirmed their money would be lost forever.

The PPF and FAS were created two decades ago in the aftermath of [Robert Maxwell's £400m theft](#) from the Daily Mirror pension scheme.

They have already bailed out more than 2,000 schemes and made payments to more than half a million retirees, with £1.2bn sent out last year alone. However, they make big savings because of the strict legislation that strangles inflationary increases.

After a lengthy battle, campaigners' hopes were finally raised during the Budget. In one short sentence, the Chancellor introduced inflationary increases of up to 2.5pc for pre-1997 pension entitlements so "people whose pension schemes became insolvent [through] no fault of their own no longer lose out as a result of inflation".

The move will benefit about 256,000 PPF and FAS pensioners who would have received indexation through their original pension, offering a £400 boost to the average payout by 2032.

What Ms Reeves did not say, however, was that the change would not begin until 2027 – and crucially, it does not apply retrospectively.

It was another hammer blow for Mr Alphandary, who spent years working as a chemical engineer for AEA Technology, the commercial arm of the UK Atomic Energy Authority.

'Labour worse than the Conservatives'

When AEA Technology was subsequently privatised in 1996, about 90pc of staff transferred their pension to the new company after the Government Actuary's Department said their benefits would be identical, or very close, and were "likely" to earn them more in retirement. Just 16 years later, however, it went bust and their pensions – no longer guaranteed by the state – moved into the PPF.

The lack of inflationary increases has already cost Mr Alphandary £40,000, which he is now unlikely to ever recover. Over his lifetime, that figure could hit between £150,000 and £200,000.

"I'm very angry. All AEA Technology pensioners are aggrieved. I paid extra, as did we all, for an RPI-linked pension," he said.

"I'm being paid out of the PPF because of government malfeasance on the privatisation of AEA Technology. Now, everything that I do by way of leisure is running down my savings. If my full pension were being paid now, I wouldn't have to run down my savings at anywhere near the rate that I am.

"The Chancellor's announcement is a little bit of progress, but all it means is our losses will be lessened by a few per cent. It's not gone nearly far enough."

His former colleague, Andrew Turner, 74, will have lost £97,000 by the time the changes are implemented.

“The change in the Budget is only going to benefit me by £328 a year going forward. It’s peanuts. It’s pathetic by comparison to what they’ve deprived us of,” he said.



Andrew Turner, 74, says he will be just £328 better off a year from the pension change Credit: John Lawrence

“People like Sir Keir Starmer have made quotes about the Government being honest and ‘good people do the right thing’. We’ve been going on for 13 years trying to get someone to take this seriously, and they’re still not doing it.

“It’s a bit sad that the Labour Party has been even worse than the Conservative Party in terms of [being honourable](#). Shame on them.”

Of those who will benefit from the Chancellor’s changes, 91,000 are in the FAS. However, many of them are also facing significant losses because indexation is not retrospective.

‘I returned to work five days into retirement’

Tom Waugh, 86, spent two decades working for Burgess Agricultural Engineers, becoming a branch manager before it went into administration in 2008.

The lack of inflationary increases meant he had to work until the age of 75, taking jobs such as lorry driving and street canvassing for a charity. He has already lost about £63,000.

“When I retired, very rapidly I had to make arrangements for what I wasn’t getting. I had to find a job and carried on having to do that for the next few years,” he said.

“Because of the nature of the business I worked in, I did have an HGV driving licence [and I started] within five days of retiring.”

John Benson, 79, spent 41 years working for Allied Steel and Wire, a steel company that went bust in 2002. He already receives less than two thirds of the pension he is entitled to, which should be about £22,000 a year.

“Rachel Reeves and [Torsten Bell](#) [the pensions minister] have no respect for hard-working men and women, now pensioners, whose only crime was to put their trust in those they thought would do the right thing by them,” he said.

“It’s a bloody insult to all those decent men and women who played by the rules and were assured their pensions were safe and fully guaranteed, no matter what difficulties their employer faced.”

Questions have also been raised by MPs since the decision was made, including from the Government’s own back benches. Labour’s [Neil Duncan-Jordan](#) said the changes were a welcome step, but that pensioners would still be pensioners with a 30-year freeze on their income.

“None of these measures will ever make up for the lost years of pension increases,” he said. “As the number of those affected starts to dwindle, we need to find a more certain way of ensuring they are protected from further inflationary pressures and compensated for at least some of the losses they have suffered.”

‘Pension injustices’

In a House of Commons debate, the Plaid Cymru MP Ann Davies went further by calling for uncapped inflationary increases.

“Limiting pre-1997 indexation to a 2.5pc cap for those whose schemes originally offered it simply does not go far enough,” she said.

“The UK Government should instead adopt my amendment, which provides no cap on inflation, includes reimbursements to make good losses, and specifies application to transferee members, ill health payments and to payments to surviving dependants.

“Affected pensioners must be at the heart of action to address the pension injustices they have faced for far too long.”

The campaigners have pledged to fight on, but there seems little possibility that the decision will be revisited – at least under the current Government.

Confirming the decision in the House of Commons, Mr Bell said: “Our changes aim to bring this matter to a conclusion.

“I, of course, recognise this does not go as far as some affected members would have wanted. But this change is real progress and rightly balances the interests for eligible members, levy payers, taxpayers and the PPF’s ability to manage future risk.”

It comes despite the Government’s decision to award [another £2.3bn to retired miners](#), taking the total to £3.8bn since the general election. It has also agreed to revisit the decision [not to award compensation to women born in the 1950s](#), known as Wasps, who claim they were not told about changes to their state pension age.

A Department for Work and Pensions (DWP) spokesman said: “Over 250,000 pensioners will benefit from these increases announced in the Budget – reversing a policy which has been in place for over 20 years.

“Supporting pensioners is a top priority and our commitment to the triple lock means millions of older people are set to see their state pension rise by up to £2,100.”

A PPF spokesman said: “We’ve been working with member groups and the DWP for a number of years on this issue and recognise its importance to members. Our focus is on getting ready to implement the change at the earliest opportunity after it becomes law.”