
STATUTORY INSTRUMENTS

2006 No. 580

**The Pension Protection Fund (General and
Miscellaneous Amendments) Regulations 2006**

PART 4

PPF compensation administration

Manner in which and time when PPF compensation is to be paid

11. As soon as is reasonably practicable after the Board makes a determination of entitlement to PPF compensation in respect of a beneficiary, PPF compensation shall be paid—

- (a) in the case of PPF compensation that is lump sum compensation—
 - (i) in accordance with the method of payment specified in regulation 12; and
 - (ii) in full; or
- (b) in the case of PPF compensation that is periodic compensation—
 - (i) in accordance with the method of payment specified in regulation 12; and
 - (ii) by instalments paid in accordance with regulation 13.

Method of payment

12.—(1) Subject to paragraphs (2) and (3), PPF compensation shall be paid by way of automated credit transfer into a bank or other account held in the name of the beneficiary.

(2) Where it is not possible for the Board to pay PPF compensation into an account specified in paragraph (1), the Board may pay PPF compensation by way of automated credit transfer into a bank or other account held in the joint names of the beneficiary and his spouse or civil partner.

(3) Where it appears to the Board that—

- (a) there has been a failure in the automated credit transfer system in relation to a payment of PPF compensation; or
- (b) the beneficiary does not have a bank or other account held in his own name or in the joint names of him and his spouse or civil partner into which an automated credit transfer could be made,

PPF compensation may be paid by such other method of payment as appears to the Board to be appropriate to the beneficiary.

Payment of periodic compensation by instalments

13. Periodic compensation shall be paid in instalments of no more than 52 in a year.

Fractional amounts in the calculation of periodic compensation payments

14. Where periodic compensation paid by the Board in accordance with regulation 13 would, but for this regulation, include a fraction of a penny, that fraction shall be rounded—

- (a) up to the nearest penny if the fractional amount is 0.5 or more; or
- (b) down to the nearest penny if the fractional amount is less than 0.5.

Payments of PPF compensation to a third party

15.—(1) Subject to paragraph (2), where required to do so by any—

- (a) court order; or
- (b) enactment (including an enactment comprised in, or in an instrument made under, an Act of the Scottish Parliament,

the Board shall make payments of PPF compensation on behalf of a beneficiary, to a third party, in accordance with the terms of that court order or enactment.

(2) Payments made under paragraph (1) shall be limited to the maximum of the PPF compensation entitlement of the beneficiary to whom the order or enactment relates.

Recovery of PPF compensation overpayments

16.—(1) Where the Board determines that an amount referred to in section 168(2)(e) of the Act (administration of compensation) has been paid to a person, it shall notify that person in writing that—

- (a) it has so determined;
- (b) it is considering whether to recover that amount; and
- (c) if the person in receipt of that amount believes that recovery of the overpayment would cause hardship to him or his family then he should—
 - (i) notify the Board in writing within one month of the date the Board informs him that such an overpayment has been made; and
 - (ii) provide any supporting evidence to the Board within one month of the notification specified in sub-paragraph (c)(i).

(2) Where the Board receives a hardship notification in accordance with paragraph (1)(c)(i), it shall determine, having regard to any evidence provided under paragraph (1)(c)(ii), whether recovery of that amount would cause hardship to the person to whom the overpayment has been made, or his family.

(3) Where recovery would cause such hardship, the Board shall not recover that amount.

(4) The Board is not required to recover an amount overpaid where recovery would not be conducive to the prudent management of its financial affairs.

(5) The Board may determine that such an amount paid in excess of entitlement shall be recovered—

- (a) as a lump sum from a person to whom the that amount has been made; or
- (b) where the person to whom that amount is paid is a beneficiary—
 - (i) as a lump sum from any payment of PPF compensation to which that beneficiary is entitled; or
 - (ii) from that beneficiary by adjusting the amount of the instalments of future periodic compensation.

(6) Interest may be charged on an amount determined to be recoverable at the base rate for the period which begins when the amount paid in excess of entitlement was first made and ends with the recovery of the whole of the amount.

Underpayments

17. Where it has been determined by the Board that a beneficiary has been paid less than his entitlement to PPF compensation, the Board shall pay an amount to that beneficiary equal to—

- (a) the amount of the shortfall; and
- (b) interest on that amount, calculated at the base rate from the date on which the underpayment should have been paid by the Board, to the date on which the Board pays the total amount of the shortfall.

Suspension of payment of periodic compensation

18.—(1) The Board may suspend payment of periodic compensation to a person—

- (a) where—
 - (i) correspondence is returned to the Board from the last known address of that person; and
 - (ii) the Board is unable to contact that person following reasonable enquiries;
- (b) where the Board determines that a person is obtaining, attempting to obtain, or may be attempting to obtain PPF compensation to which he is not entitled; or
- (c) an automated credit transfer payment in respect of a beneficiary's entitlement to periodic compensation cannot be completed.

(2) The Board shall resume payments of periodic compensation to a person where in the opinion of the Board—

- (a) the matter that led to the suspension has been resolved to the satisfaction of the Board; and
- (b) it is reasonable for the Board to resume making those payments.