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STATUTORY INSTRUMENTS

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**2009 No. 1171**

**The Registered Pension Schemes  
(Authorised Payments) Regulations 2009**

**PART 4**

**LUMP SUM ERRORS**

**Commencement lump sums based on pension errors**

**17.**—(1) A payment of a lump sum the whole of which is intended to represent a pension commencement lump sum<sup>(1)</sup>, but which exceeds the permitted maximum<sup>(2)</sup>, if—

- (a) the lump sum exceeds the permitted maximum only because it has been calculated by reference to the amount of a relevant pension<sup>(3)</sup>; and
- (b) either—
  - (i) the payment of the pension is a payment within regulation 13 or 14 (1)(b), or
  - (ii) paragraph (3) applies.

(2) The discovery that the lump sum exceeds the permitted maximum before the payment is made does not prevent the payment's being within paragraph (1) if the payer took reasonable steps to prevent its being made or its being made in that amount.

(3) This paragraph applies where—

- (a) the lump sum is paid before the pension by reference to which its amount was calculated;
- (b) the pension is not in the event paid, or paid in the amount originally intended, because an error is discovered; and
- (c) if the error had not been discovered and the pension had been paid as intended, its payment would have been a payment within regulation 13.

(4) The member's becoming entitled to the pension commencement lump sum that forms part of the payment within paragraph (1) shall be treated as a benefit crystallisation event for the purposes of the lifetime allowance charge, namely benefit crystallisation event 9 (and this does not prevent the member's becoming so entitled from also having effect for the purposes of benefit crystallisation event 6).

(5) The amount crystallised for the purposes of benefit crystallisation event 9 is the amount by which the lump sum exceeds the permitted maximum.

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(1) Paragraph 1 of Schedule 29 to the Finance Act 2004 describes the lump sums that are pension commencement lump sums.  
(2) Paragraph 2 of Schedule 29 to the Finance Act 2004 defines the permitted maximum.  
(3) Paragraph 1(3) of Schedule 29 specifies the pensions that are relevant pensions.