



National Audit Office



REPORT

Government's compensation and financial recognition schemes

Cross-government

SESSION 2024–2026
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HC 1817

What this investigation is about

1 This investigation builds on the findings of our 2024 report *Lessons learned: Government compensation schemes*, which provided insights from previous and ongoing compensation schemes, drew out good practice and identified risks to assist officials when developing similar schemes in the future.¹ This report focuses on the operational phase of a selection of seven government compensation and financial recognition schemes.

- The Windrush Compensation Scheme.
- The Horizon Shortfall Scheme – closed in January 2026.
- The Horizon Group Litigation Order Scheme.
- The Horizon Overturned Convictions Scheme – closed in June 2025.
- The Horizon Convictions Redress Scheme.
- The LGBT Financial Recognition Scheme.
- The Infected Blood Compensation Scheme.

2 This report is a factual assessment of the schemes' progress.

- It sets out each scheme's progress and performance at encouraging claims from eligible claimants, assessing claims, making offers and paying claimants.
- It examines reasons for any performance issues, particularly in relation to the time taken to make offers to eligible applicants.
- It sets out how schemes have introduced changes and improvements to encourage more potentially eligible people to claim, speed up the assessment process, and improve the rate and number of accepted offers.

¹ Comptroller and Auditor General, *Lessons learned: Government compensation schemes*, Session 2024-25, HC 121, National Audit Office, July 2024.

3 The schemes differ in fundamental ways that affect their complexity and progress to date; for example, the number of potential claimants, the time elapsed since the events that necessitated the schemes, or evidential requirements.

Figure 1 on pages 6 and 7 sets out, for each scheme, the departments responsible, the organisations involved in operating the schemes and key dates.

4 We do not examine the issues that led to the schemes being needed, details of the schemes' design (except where important in understanding operational performance), other government compensation schemes (closed or ongoing) or the claims or circumstances of individual people making claims. The report is factual and does not seek to evaluate the success or otherwise of the schemes, nor report on value for money.

Figure 1
Scheme summaries

| Scheme | Date scheme announced | People eligible for compensation | Lead government department | Organisation running scheme | Other government departments actively involved | Date opened to claims | Date closed/ planned closure | Change to closure date after launch |
|--|------------------------|---|---------------------------------------|---------------------------------------|--|---------------------------|------------------------------|--|
| Windrush Compensation Scheme | April 2018 | Members of the Windrush generation and their families who incurred losses due to difficulties proving their legal immigration status in the UK. This was extended to any eligible person who arrived in the UK before the end of 1988 from any country and who is lawfully in the UK. | Home Office | Home Office | HM Revenue & Customs (HMRC) and Department for Work & Pensions (DWP) | April 2019 | No set end date | Home Office removed the initial two-year application window because of a slower than expected rate of applications. |
| Horizon Shortfall Scheme | December 2019 | Current and former subpostmasters with Post Office contracts who were wrongly held liable by Post Office Limited for shortfalls in branch accounts and who were neither convicted nor litigants in the group litigation. | Department for Business & Trade (DBT) | Post Office Limited | HM Treasury (HMT) and HMRC | May 2020 | January 2026 | Initially open for new claims for six months, based on a few hundred expected claims; extended when many times that number of claims were received. |
| Horizon Group Litigation Order Scheme | March 2022 | 492 of the 555 subpostmasters involved in the group litigation that resulted in a 2019 High Court settlement, following a judgement which ruled that the Horizon IT system was faulty. | DBT | DBT | HMT, HMRC and DWP | March 2023 | No set end date | Initially set to close by August 2024; the end date was removed because not many claims had been submitted and it was unable to pay its complete cohort of eligible claimants in time. |
| Horizon Overturned Convictions Scheme | July 2021 ¹ | Current and former subpostmasters whose criminal convictions were overturned by the courts, or who were prosecuted but not convicted nor received a caution. | DBT | Post Office Limited | HMT, HMRC and DWP | July 2021 | June 2025 | Closed in June 2025 and outstanding claims transferred to the Horizon Convictions Redress Scheme. |
| Horizon Convictions Redress Scheme | March 2024 | Current and former subpostmasters whose criminal convictions were deemed to have been malicious and were quashed by legislation. | DBT | DBT | HMT, HMRC, Ministry of Justice and DWP | July 2024 | No set end date | No |
| LGBT Financial Recognition Scheme | December 2023 | LGBT veterans of the UK Armed Forces who were dismissed or discharged because of the pre-2000 ban on homosexuality (Dismissed or Discharged Payment) and those negatively affected by the ban (Impact Payment). | Ministry of Defence (MoD) | MoD | HMRC and DWP – to ensure Statutory Instruments in place to disregard payments from income tax and means-tested benefits. | December 2024 | December 2026 | No |
| Infected Blood Compensation Scheme | May 2024 | NHS patients who became infected through receiving contaminated blood transfusions or products, and those affected such as family members and carers. | Cabinet Office | Infected Blood Compensation Authority | HMRC and DWP | October 2024 ² | March 2031 ³ | No |

Notes

- ¹ In July 2021, the Department for Business & Trade announced interim payments for eligible people whose convictions were quashed through individual court decisions, which was effectively the start of the Overturned Convictions Scheme. It did not formally launch or open to claims, however, and existed as a claim settlement process before formally consolidating as a scheme in January 2024.
- ² The Infected Blood Compensation Scheme opened for additional people to register their intention to claim in October 2025, following a pilot phase of around a year during which people already receiving support were invited to claim.
- ³ On the Infected Blood Compensation Scheme, any affected individual diagnosed before 1 April 2025 has until 31 March 2031 to make a claim, and any affected individual diagnosed after 1 April 2025 will be able to make their claim up to six years after their diagnosis.

Source: National Audit Office analysis of Home Office, Department for Business & Trade, Ministry of Defence, Infected Blood Compensation Authority and Post Office Limited data

Summary

Progress compensating eligible people

5 By February 2026, the government had paid around £3.5 billion in total across all the schemes, with up to another £11.4 billion potentially yet to be paid.

The total amount that departments anticipate will be paid out across all the schemes we examined totals nearly £14.9 billion. The Infected Blood Compensation Scheme alone is expected to pay out £12.8 billion. Some schemes have had to increase their estimates of expected total amounts to be paid, reflecting revised estimates of numbers of eligible people and increases to amounts awarded per claim due to both complexity and harm caused (paragraphs 1.10, 1.16, 1.18, 2.3, 2.28, 3.6, 4.6).

6 Of the five schemes that remain open, four have now received claims from two-thirds or more of the expected total number of eligible people, although for most schemes this number is an estimate with considerable uncertainty. Only the Group Litigation Order Scheme has a known number of eligible claimants, and by January 2026 that scheme had received almost the total number of claims it expects to receive. The Windrush Compensation Scheme and the LGBT Financial Recognition Scheme have ranges for the estimated total number of claims because there are no firm assessments of the number of eligible people for either scheme. At January 2026, the former had received between 79% and 100% of expected claims and the latter between 73% and 85% of estimated applications. The Horizon Convictions Redress Scheme had received claims from 67% of the 700 people it estimates are eligible for the scheme. The Infected Blood Compensation Authority's estimate of the number of people who were infected with contaminated blood is a broad range, reflecting that the first infections were several decades ago and infected people are still being identified, so its estimate of the number of affected people (such as family members or carers) who may claim is even more uncertain. By January 2026, the scheme had received less than half the number of claims from infected people at the lower end of this range (paragraphs 1.10, 1.17, 2.3, 2.14, 2.16, 3.5, 3.10, 3.11, 4.3, 4.14).

7 In most cases, initial estimates of the rate at which schemes would receive and could process claims were wrong. Reasons for initial estimates being wrong included unanticipated low levels of awareness and trust in the schemes by potentially eligible people (for example the Windrush Compensation Scheme), underestimating the anticipated number of claims (for example the Horizon Shortfall Scheme and the LGBT Financial Recognition Scheme) and underestimating how long it would take to retrieve loss information required to fully assess claims (for example the Group Litigation Order Scheme). As a result, some schemes built up backlogs of cases, resulting in lengthening processing times. Some schemes introduced targets after they were launched to manage or improve performance, recognising the impact on claimants. In the more recent LGBT Financial Recognition Scheme, the Ministry of Defence (MoD) launched an app in August 2025 that allows claimants who applied digitally to follow the progress of their claims (paragraphs 1.9, 2.3, 2.14, 2.20, 3.10, 3.12 to 3.14, 4.15).

8 There is substantial variation between and within each scheme in the time taken to conclude claims, with some claimants waiting over a year for an offer. Different factors impact the time taken. For example, some claims to the Windrush Compensation Scheme have been delayed due to probate issues and other claims can take longer if further information is required from third parties, other government departments or claimants. As of January 2026, there were 27 claims to the Windrush Compensation Scheme that had been in progress for 12–18 months, and a further 15 claims which had been in progress for longer than 18 months, out of 528 claims in progress at the time. On the Horizon schemes, complex claims or claims that have a full assessment take longer to conclude than claims for a fixed sum offer. For example, as at January 2026, fully assessed claims on the Horizon Group Litigation Order Scheme took on average 147 working days from a full claim with the required information being received by the Department for Business & Trade (DBT) to the final payment, and fixed sum claims took 24 working days. The end-to-end process on the Group Litigation Order Scheme is substantially longer, however, from a claimant registering for the scheme to receiving a final payment, taking 521 working days on average for a fully assessed claim and 224 working days for a fixed sum claim. On the LGBT Financial Recognition Scheme, most people who applied in the first month after the scheme opened for the Dismissed or Discharged Payment received payment six to ten months after they made their claim (paragraphs 1.12, 1.15, 2.7, 2.18, 2.19, 3.14).

Changes to schemes after launch

9 Three schemes have extended the time periods over which they are open to new claimants after the schemes were launched, recognising that many eligible claimants had not applied within original timescales. The five schemes that are currently live have been open to claims for between seven years (the Windrush Compensation Scheme, opened April 2019) and 18 months (the Infected Blood Compensation Scheme, opened October 2024). The Windrush Compensation Scheme removed the end date for new claims when far fewer people than anticipated submitted claims during its original two-year open period, and it is now open-ended. The Horizon Shortfall Scheme, which closed to new claims in January 2026, extended the period over which it was open to new claims in response to Post Office Limited underestimating the number of eligible people who would apply to the scheme and receive compensation. The Horizon Group Litigation Order Scheme removed the end date for new claims and has been open longer than expected, as it removed its claim deadline because not many claims had been submitted (Figure 1; paragraphs 1.2, 2.3, 2.13, 2.14, 4.6).

10 All schemes now include fixed sum offers or ranges of tariff payments depending on claimants' circumstances, with most paying eligible claimants an interim payment ahead of the claimant taking a fixed sum offer or having their claim fully assessed. The introduction of fixed sum offers to the Horizon Shortfall Scheme after it had launched resulted in an increase in new claims and faster settlement of those opting for the fixed sum. Learning from this, the MoD included fixed sum offers in the LGBT Financial Recognition Scheme for one of the two payments in the scheme. Several schemes assess claims against a range of categories of harm, each with either one of more specified tariff payments depending on the severity of harm, or a discretionary payment based on the person's individual experience. Some schemes have introduced interim payments to enable people to receive part payment ahead of assessing claimants' full payment, recognising the impact that delays could have on the quality of life of those who had experienced the associated harm (paragraphs 1.5, 1.7, 2.6 to 2.8, 2.13 to 2.16, 2.18, 2.28, 2.32, 3.6, 4.3, 4.10, 4.17).

11 Schemes have needed to consider their risk appetite when balancing options for speeding up the assessment of claims with the increased likelihood of overpayments, underpayments and fraud. All schemes include identification checks to mitigate against false applications, including the risk that schemes could be targeted by organised crime groups. DBT recognises that there is a greater risk of overpaying or underpaying claimants, or of fraud, through the use of fixed sum offers. It accepts this risk, as claims for fixed sum offers are quicker to conclude than those that are fully assessed and claimants receive their compensation sooner. DBT told us that its fraud controls have improved over time on the Horizon schemes and include measures such as enhanced identity verification. Earlier schemes have, after launch, lowered the standard of evidence required for claims to be paid, which speeds up assessment, and later schemes have adopted similar standards from the outset. The Infected Blood Compensation Authority (IBCA) recognises that the Infected Blood Compensation Scheme has fraud risks due to the size of payments made and the aim of making payments as quickly as possible. It has built-in controls and assurances throughout the claims process and the scheme is included within the Public Sector Fraud Authority's High Fraud Risk Portfolio (paragraphs 1.5, 1.7, 1.15, 2.5, 2.17, 3.9, 4.9, 4.10, 4.12).

Confidence in schemes

12 For some schemes, groups representing affected communities have been critical that the assessment processes in some schemes are not sufficiently independent. Only the Infected Blood Compensation Scheme, which is administered by IBCA at arm's length from the Cabinet Office, is run independently of the department or organisation responsible for the original harm. Schemes have typically addressed such concerns by introducing independent stages into the assessment process or by appointing independent people to provide oversight of the schemes. For example, the Home Office included the role of an independent adjudicator within the Windrush Compensation Scheme, established an Independent Person to oversee the delivery of the scheme, and introduced the Windrush Commissioner to provide independent oversight. The MoD included an independent panel to assess applications for the Impact Payment of the LGBT Financial Recognition Scheme. The Post Office Horizon IT Inquiry recommended that the government should establish a standing public body to devise, administer and deliver schemes for providing financial redress to persons harmed by the action or inaction of public bodies, reflecting a recommendation in our *Lessons learned: Government compensation schemes* report. DBT acknowledged the advantages of an independent body but noted that it was unlikely that one could be established in time to take over delivery of existing time-limited compensation schemes (Figure 1; paragraphs 1.3, 1.4, 1.6, 2.24, 2.26, 3.8, 4.4).²

² Comptroller and Auditor General, *Lessons learned: Government compensation schemes* report, Session 2024-25, HC 121, National Audit Office, July 2024.

13 All schemes conduct outreach or, if feasible, contact potential claimants directly, alongside providing or facilitating support for claimants to apply to the schemes. Some schemes contacted known eligible individuals to invite them to claim when they had their names and could obtain up-to-date contact details (for example the Infected Blood Compensation Scheme and the Horizon schemes). On the Horizon Shortfall Scheme in particular, the direct contact resulted in an increase in claims. The Windrush Compensation Scheme held events with community groups to raise awareness, and the LGBT Financial Recognition Scheme ran promotional activity, including on social media. The support offered to claimants varies across the schemes. Most offer funding for legal support, which is comprehensive on some schemes (the Infected Blood Compensation Scheme, the Horizon Group Litigation Order Scheme and the Horizon Convictions Redress Scheme) and restricted to specific circumstances on others (the Windrush Compensation Scheme and the Horizon Shortfall Scheme). Some groups representing affected communities dispute that the Windrush Compensation Scheme is accessible to all without the need for legal representation, citing some claims that were initially turned down, but reconsidered and awarded payment after solicitors filed the claims. General support for completing applications is available on each scheme. DBT launched the Information and Support Service on Horizon schemes for claimants without legal support. The Home Office and the MoD provide funding to external organisations that support claimants with their applications on the Windrush Compensation Scheme and the LGBT Financial Recognition Scheme respectively. Claimants to the Infected Blood Compensation Scheme can also receive psychological and financial support (paragraphs 1.19 to 1.23, 2.35 to 2.38, 3.20, 3.21, 4.18).

14 For some schemes, groups representing affected communities have expressed a need for greater transparency and clarity about how long the claims process is expected to take. Groups representing affected communities criticised a lack of information to claimants about how long they might wait for an offer or how their claims were progressing. For the Horizon schemes, they told us that insufficient transparency during the claims process was causing individuals stress and anxiety. The Infected Blood Compensation Scheme and the Windrush Compensation Scheme provide claimants with a single point of contact to support them and provide continuity during the claims process, but groups representing affected communities told us they still need more clarity about how long a claimant can expect to wait and better communications during the process. The MoD accepted that it could have better managed applicants' expectations about how long it would take to receive an offer when it launched the LGBT Financial Recognition Scheme and now provides applicants with an app that allows them to view the status of their application (paragraphs 1.13 to 1.15, 2.11, 3.12, 3.22, 4.8, 4.20).

Concluding remarks

15 Compensation and financial recognition schemes are expected to provide redress to all people who have experienced harm, either directly or indirectly, from the actions or inaction of public bodies. It is important therefore that people potentially eligible for payments or other restorative measures can confidently access schemes, that their claims are processed without unreasonable delay and that payment levels are regarded as fair by recipients. To achieve this, those responsible for administering schemes must accept some risk of overpaying claimants or making payments to ineligible individuals when deciding upon aspects such as the payment framework, evidential requirements, and the period over which the scheme is open to claims.

16 Some schemes have experienced significant issues in their early stages, with compensation not getting to those affected in a timely way and backlogs of claims building up. These schemes made major changes in how they operated as a result, including relaxing evidential requirements. These changes appear to have improved claims processing (for example, final payments have been made on over 80% of eligible claims to the Horizon schemes). However, five of the schemes we examined are still open and have not yet compensated all of the expected number of eligible people, despite two of these schemes remaining open for several years longer than planned. By February 2026, the government had paid around £3.5 billion in total across all the schemes, with up to another £11.4 billion potentially yet to be paid. Some eligible people have been waiting over a year after submitting their claim before receiving a payment. All schemes have more to do to reach as many potentially eligible people as possible and support them to make claims.

17 Later schemes have not yet needed to make significant changes, having learnt from the experiences of the earlier schemes and replicating some of their improvements, such as the option to claim a fixed sum payment. Officials designing and running schemes have set up a cross-Whitehall working group to share their learning and identify good practice; however, there remains no dedicated team within the government that has central oversight of, or offers support to, those setting up or administering government compensation schemes. Without such oversight, the government risks losing its expertise to ensure compensation schemes operate in a timely, efficient and effective manner and that claimants have confidence in their administration.