

Bob Blackman MP - Co-Chair
All-Party Parliamentary Justice for Equitable
Life Policyholders Group
House of Commons
London
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16 December 2010

Dear Mr Blackman

I am writing in response to your letter of 1 November 2010. Please accept my apologies for not having been able to reply sooner.

You ask me to clarify my views in light of the Government's announcements on Equitable Life made on 20 October 2010, and subsequently. You also ask me to address a number of specific questions. I will do my best to provide the clarification you are seeking. However, I do not think it would be appropriate or particularly helpful to frame my response in accordance with your detailed questions. Let me explain why.

From my perspective, the position is as follows:

- The Government has made a clear and unequivocal statement that it accepts all of my findings of maladministration and injustice.
- The Government has established and funded a compensation scheme for Equitable Life policyholders, to provide compensation for relative loss, as my report recommended.
- The Government has considered the potential impact on the public purse of payment of compensation in this case, as my report indicated was appropriate, and has decided what is affordable.
- The Government has also made some decisions about eligibility for the scheme and has given reasons for those decisions, which I cannot say are unreasonable.
- Most importantly, Parliament debated the Equitable Life (Payments) Bill at some length on 10 November 2010. In the course of that debate various amendments to the Government's proposals were considered but not supported. Parliament supported the Government's proposals.



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As you will recall, the final paragraphs of Chapter 14 of my July 2008 report, which covered remedy and recommendations, read as follows:

'...I invite Parliament to consider the issues that have been raised in this report and the recommendations that I have made and to further reflect on what its response to my report should be.

'Having alerted Parliament to the injustice that I have found was sustained in consequence of maladministration, I would be very happy to assist Parliament in its deliberations in any way I can.'

I have done all I can to assist Parliament in its deliberations, most recently in my appearance before the Public Administration Select Committee on 14 October 2010. Parliament has considered the issues raised in my report and has now decided what its response to my report should be, as I invited it to do.

As I am sure you will understand, it would not be appropriate for me to express a view on whether the decisions taken by Parliament on 10 November 2010 were right. My role is to assist Parliament in its deliberations, not to comment on its decisions.

In summary my position is as follows:

- Whilst I recognise that some of the people who complained to me will be extremely disappointed by the Government's decisions on affordability and eligibility, I cannot say that those decisions are incompatible with the recommendations in my report.
- As Parliament's Ombudsman, it has been my task to report independently to Parliament on this matter, so that Parliament can be informed in the decisions it takes. Parliament has considered the issues raised in my report and the recommendations I made and has provided its response. It would not be appropriate for me to comment on what Parliament has decided.

Yours sincerely



Ann Abraham
Parliamentary and Health Service Ombudsman