



Equitable Members Action Group Ltd

Press release

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Equitable Life campaigners slam Treasury delays

January 15 marks the first anniversary of Yvette Cooper's statement to the Commons on Equitable Life, in which the Government announced that it was hiring Sir John Chadwick to advise on an ex-gratia payment scheme for those 'disproportionately affected' by the scandal.

Campaigners' action group EMAG claims that the Treasury is saying that it's seeking a speedy result whilst doing the exact opposite.

"A year on and Yvette Cooper's promises of speed, parroted at regular intervals subsequently by Liam Byrne, have been shown to be hollow and cynical" said Paul Braithwaite, general secretary of EMAG. "While 15 victims of this scandal die every day, the Government has ensured that Sir John will not even make his recommendations until after the election."

In July 2008, 8 years after the scandal broke, the Parliamentary Ombudsman said that an independent compensation scheme should be set up immediately with distribution to victims completed within two and a half years. "The chances of everybody being compensated by the end of 2010 are nil" said Braithwaite.

EMAG also claims that the Treasury is preoccupied with finding new ways to reduce the value of payouts by applying no less than 7 discounts to the assessment of losses. At the moment the Treasury is looking to apply a discount for the failures of the Society's own management, the failures of the auditors Ernst and Young, the responsibility of the victims for investing in a mutual society, the probability that some pensioners would still have invested even without the maladministration of the regulators and a discount for any excessive bonuses declared before 1991.

Additionally EMAG claims that the proposed use of a 'weighted' basket of comparative pension products provides ample scope for 'financial conjuring' to reduce the bill still further, before any consideration is given to means-testing to identify those 'disproportionately affected' – a term which remains undefined.

"EMAG will campaign for the next Government to hand Sir John's work on calculating true losses over to an independent body to administer compensation, rather than the fudged minimal ex-gratia scheme currently planned by the Treasury - the department that was found guilty of regulatory failure in the first place." said Braithwaite.

To that end the group is planning to target candidates of all three main parties in more than 550 constituencies in the run up to the election seeking their support.

Ends

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Caption: "Equitable pensioners carried 15 coffins to Parliament, symbolising the estimated 15 victims of the scandal who die every day without receiving redress."

Editors notes

In July 2008, the Parliamentary Ombudsman found “a decade of regulatory failure” but when the Government finally responded in January 2009, it was to dispute that some of the Ombudsman’s finding of maladministration had led to injustice. EMAG launched a Judicial Review to challenge this and was successful in having 3 of the main findings of injustice confirmed by the court. The court’s decision has forced the Treasury to expand its payment scheme back to policies affected from 1991 rather than 1999.

See Hansard 15 Jan 2009 for Yvette Cooper quotes (then Chief Secretary to the Treasury):

Column 386

***Yvette Cooper:** The ombudsman recommended a two-and-a-half-year time scale within which to begin payments and we are mindful of that recommendation. We want to set up a scheme that can pay out as speedily as possible.*

Column 385

We have asked Sir John to give us advice on how we should interpret disproportionate impact by considering the experiences of policyholders. We would expect that interpretation to include consideration of the extent of somebody’s losses and how great they were as a proportion of their income—that is, at whether they were relying on that income or had other sources of income.

Column 380

*Many hon. Members have raised concerns about the length of time policyholders have had to wait for resolution of this case, and given that many have already retired, **we believe it is important to set up a scheme that can pay out as swiftly as possible**, taking account of the difficult practical considerations involved. **We have therefore asked Sir John to advise as quickly as he is able***

<http://www.parliament.the-stationery-office.com/pa/cm200809/cmhansrd/cm090115/debtext/90115-0010.htm>