



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Richard Ottaway MP
House of Commons
London
SW1A 0AA

4 August 2010

Dear Rachel

Thank you for your letter of 29 July on behalf of your constituents, about Equitable Life.

The Equitable Life payment scheme is an important issue and I am of course interested to hear what the Ombudsman's views are on the approach we plan to take to resolving it.

While the Parliamentary Ombudsman did have some concerns about the Chadwick report, there are aspects of our approach to resolving this issue that she did welcome. She welcomed the appointment of an independent commission, the fact that a clear timetable has now been set for beginning payments to those affected and my commitment to consider representations on the way forward. She also welcomed the work of Sir John's actuaries, Towers Watson, on calculations. She felt this provided a "firm foundation" to build upon.

I have noted her concerns with Sir John's report and her criticisms of it. However, I cannot speak for Sir John as to the conclusions he drew from his analysis of the Ombudsman's report. I am however aware that he consulted with her during his work.

It is important to note that final decisions on the scheme have not been made yet. I plan to meet with the Ombudsman to discuss in detail the concerns she has with Sir John's report and will keep those in mind as these decisions are made.

I am in the process of carefully considering Sir John's report. I will provide a full response to the report as well as stating the amount that will be allocated to the scheme as part of the Autumn Spending Review in October.

Thank you for taking the trouble to make me aware of these concerns and I hope you find this response helpful.

Yours sincerely
Mark

MARK HOBAN