



Equitable Members Action Group Ltd

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EMAG squares up for legal action against Treasury

Equitable victims' action group EMAG has embarked upon a possible legal action against the Treasury, after the government announced a limited compensation package that the group claims will repay most victims only 15% of the money they have lost.

EMAG's solicitors, Bindmans, have sent the Treasury a Pre-Action Protocol letter as the precursor to a possible Judicial Review.

"We will pursue every legal and political avenue open to us, to get proper justice for our members" said Paul Braithwaite of EMAG. *"We believe that the current package is unfair and it's not the proper compensation Coalition MPs promised to fight for."*

Among EMAG's heads of complaint are the absence of a correct valuation of the true scale of victims' losses, discrimination against the oldest 10,000 pensioners affected and the disparity of offering one group 100% of losses, nothing to others and only 15% to the majority. It has also complained about the emasculation of the role of the Independent Commission (ICELP) which has been retrospectively stripped of most of its powers.

"If we had been savers with the foreign bank Icesave we would have received 100% compensation within 3 months," said Braithwaite. "It's not even regulated by the UK, yet we who prudently saved to provide responsibly for our retirement were hung out to dry by the last Government when it refused to mount a rescue in 2001. Other UK pensioner savers should be very worried about what could happen to them."

The government's current package comprises £225m for 37,000 WP annuitants, spread over 3 years to 2014, £775m for a million other policyholders spread over 3 years to 2014 and £400m to cover payments to WP annuitants from 2015 onwards, with a £100m contingency, totalling £1.5bn. EMAG says this figure amounts to an 85% cut for 'public purse considerations', when typical departmental spending cuts imposed in the Comprehensive Spending Review average 19%. *"What's now proposed is a pittance - the Coalition is pleading poverty one week yet can find £7 billion outside the CSR for the Irish bailout the next."* said Braithwaite.

The Treasury has imposed a delay on the timing of its written response, which they now say can be expected on 23 December!

Points in detail:

- The Government acknowledges total losses at £4.3 billion. But EMAG estimates the true figure at £6.2 billion. The Treasury's calculations totally exclude any payment to an estimated 10,000 With Profits annuitants who bought their policies before September 1992, and fail to recognise the exit costs incurred by people who removed their policies to protect what was left of their retirement funds.
- The Government has said that it will pay 100% of the losses to date of 37,000 WP annuitants and provide them with an income to compensate for future losses for as long as they live. Despite characterising this group as among the "most elderly and frail" it has excluded another 10,000 who by definition are likely to be even more elderly and frail – those who took their pensions before the imposed cut off date of September 1992.
- Other elderly people who were sold income drawdown policies and those who had yet to convert their pension savings into an annuity are to receive 15% of their losses, or in some cases nothing.
- The Parliamentary Ombudsman proposed an independent Commission to design and distribute a fair compensation scheme but EMAG says the Government has emasculated its role by retrospectively reducing its remit to merely advising the Treasury on the allocation of a very limited compensation pot to be divided up between the hundreds of thousands of policyholder victims who have lost substantial pensions savings because of maladministration.