

## We lost out by days: Government refuses to pay excluded Equitable Life victims

By [Jeff Prestridge](#) Last updated at 2:27 PM on 2nd October 2011

The Government is refusing to back down and pay about 10,000 Equitable Life customers who have been excluded from a £1.5 billion compensation scheme.



Joy and Les Coley lost out on the compensation by one day

This is despite the publication of an independent report by an eminent actuary that concluded their exclusion was unfair and unjustified.

David Forfar, a fellow of the Faculty of Actuaries, investigated the treatment of Equitable customers who hold with-profits annuities.

The Government scheme divided the 47,000 annuitants into two.

Those 37,000 customers who took out policies from September 1992 were promised full compensation to cover losses resulting from the subsequent failure of regulators and past governments to monitor Equitable, leading to its near collapse in 2000.

However, earlier annuitants were excluded on the grounds they had benefited from the mutual's propensity to over-bonus. Forfar claimed such a division was unfair.

Les and Joy Coley, both 75, from Birmingham, took out their annuities in late August 1992, so they miss compensation by days. Les, a former foundry manager, says: 'The annual income has gone from £5,000 to £2,500.'

## 'Unfair' Equitable compensation scheme under pressure

By [Jeff Prestridge](#) Last updated at 10:02 PM on 24th September 2011

The Government is under renewed pressure to review its controversial decision to exclude more than 10,000 Equitable Life customers from a £1.5 billion compensation scheme it launched earlier this year.

It follows publication of an independent report by an eminent actuary for pressure group Equitable Members Action Group that says their exclusion is both unfair and unjustified.



Double blow: Former businessman Tony Fisk says that he has suffered twice

The report, written by David Forfar, a fellow of the Faculty of Actuaries and former appointed actuary for Scottish Widows, looks into the treatment of Equitable Life customers who hold with-profits annuities with the mutual.

When the Government drew up details of the compensation scheme, it decided to divide the 47,000 annuitants into two camps.

The 37,000 who took out their policies from September 1992 onwards were promised full compensation to cover their losses resulting from the failure of regulators and past governments to monitor effectively the mutual.

Not being able by law to transfer their annuities, these customers, says the Government, suffered savage cuts in their income after Equitable took action to avoid bankruptcy.

But earlier annuitants were offered no compensation as they had already benefited from unusually high income payments as a result of the mutual's willingness to pay large bonuses to attract new business. These overpayments, the Government argued, more than made up for subsequent losses.

Forfar concludes that it is 'unfair' to compensate just one group of annuitants and says the over-bonuses were 'insignificant'.

On Friday, EMAG's Paul Weir said the Government should offer compensation to the 10,000 annuitants – many in their 80s – before 'it is too late'.

Tony Fisk, 80, a former businessman who used to run his own toys and games agency, agrees.

Tony, from Southend-on-Sea, Essex, bought his with-profits annuity in 1989 and has seen his income tumble by more than 60 per cent. He now receives £6,900 of annual income instead of the £18,800 he was getting in 2000.

'Full compensation is the only just outcome,' he says 'I've been a victim twice over, from mismanagement at Equitable to the drawing up of an ill-conceived compensation scheme.'

The Treasury declined to comment.

# Vast majority of Equitable Life victims still await cash

**SIMON BAIN**

ONLY a few hundred of the one million people due compensation for their losses in Equitable Life have so far been contacted, let alone paid out, three months after the payment process was supposed to have begun.

The Treasury, which had promised payments would start before June 30, said then that it had “begun to send out cheques”, and promised: “Because of the years of frustration and waiting that policyholders have endured, the Government has moved swiftly to make sure that the scheme is in place as quickly as possible.”

But a Freedom of Information request from Equitable Members Action Group established that only 321 payments were made in August.

The Coalition Government announced last January that 37,000 holders of Equitable Life annuities, who had no choice but to stay with Equitable after its near-collapse in 2000, would receive the lion’s share of the £1.4 billion compensation package agreed after 10 years of official reports.

Emag this week published an independent report by former Scottish Widows appointed actuary David Forfar which says the exclusion of 10,000 pre-1992 annuitants from the scheme had no justification and was unfair.

The lucky ones are to share £620,000 between them, to cover 100% of their relative losses from investing in Equitable and suffering from the society’s maladministration. But the annuity top-ups are to be spread over five years, for pensioners already in their eighties.

The Equitable Life Payment Scheme’s promise to contact all eligible policyholders by June next year includes around one million past and present Equitable policyholders who will be sharing £775,000 – equating to

compensation for just 22% of their losses.

Paul Weir, spokesman for Emag which has 40,000 members, said that the scheme appeared to have sent out less than 1000 letters or payments in the first 10 weeks, so to reach the one million target they now needed to be sending out 24,000 a week.

Mr Weir added: “They have to identify the addresses to write to. In April Emag sent the Treasury a CD of all our members, and an expensively cleaned up-to-date list of all known victims. They refused to use it and destroyed the disk, citing bogus concerns about data protection. We took legal advice that it was not a problem.”

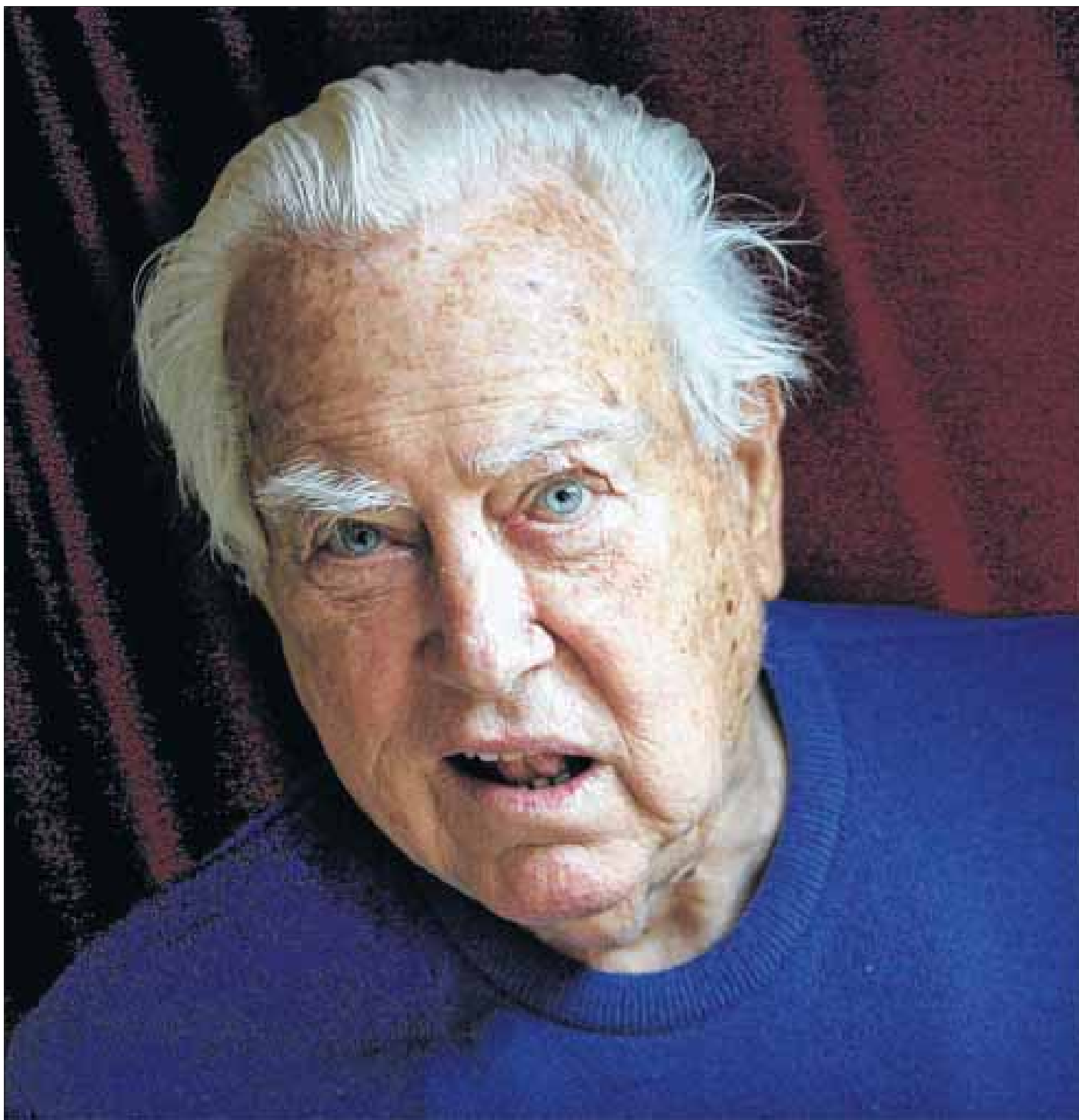
A Treasury spokesman told The Herald in early July: “The speed at which letters will go out will increase over the coming months.” The letters, informing eligible policyholders of their status, might be accompanied by “an immediate payment”, or might not, he added.

Colin Allison, 82, of Dumfries, is typical of the pensioners whose hopes of compensation have been raised and dashed over the years, and who this time believed they were about to see some payment.

“I wrote to Vince Cable,” he told The Herald. “He didn’t even reply to my letter. They announced in Parliament they were going to start but didn’t announce who was doing it, I thought it might be a firm of accountants.”

He went on: “The story was they would send letters to people explaining how it was being done. They have never sent me a letter yet.”

Philip Strang, also 82, of Newton Mearns in Glasgow, has been writing to MPs and MSPs for several years, wondering when he might be compensated for the estimated £600 a month shortfall on his pension for the past 11 years.



He is also a member of the 40,000-strong Equitable Members Action Group, which told him in response to his inquiry: “The payments will be made in five annual payments and thereafter an annual payment for the shortfall, paid annually in retrospect whilst the annuitant is alive. When challenged, the administrators will apparently only say that all eligible WPAs (with-profits annuitants) will receive the first payment some time before June 2012, with priority given to estates and the oldest WPAs.”

Mr Strang commented: “Five annual payments will take me until I am 87 – I hope I will be here or well enough to enjoy it.”

**ANGER: Colin Allison, above, is still awaiting compensation after having his hopes raised several times, while mass protests have shown the depth of feeling.**

Main image: Stewart Attwood



## Equitable exclusion is unfair says top actuary

simon bain

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**The former appointed actuary at Scottish Widows has told MPs that the exclusion of 10,000 elderly pensioners from Equitable Life compensation is unjustified by the evidence and unfair.**

David Forfar, a fellow of the Faculty of Actuaries, in an independent and unpaid report for Equitable Members Action Group (Emag), says: "It would be unfair to compensate one group of annuitants and not the other, when the post-maladministration payments of both groups of annuitants have suffered in the same adverse way from the same maladministration and the same entrapment."

The coalition Government announced last January that three-quarters of Equitable's 47,000 with-profits annuitants, whose policies were transferred to Prudential in 2008, would receive 100% compensation. For the 10,000 over-80s whose annuities began before 1992, however, there is nothing.

Paul Weir, spokesman for Emag, which has over 40,000 members, said: "For months the Treasury has been defending its exclusion of 10,000 elderly Equitable Life annuitants from compensation, using a series of bogus claims."

Mr Forfar's report, submitted to MPs yesterday, contradicts the Treasury's findings, which included claims of "over-bonusing" and "inherently high payments".

Mr Weir said: "There was no significant over-bonusing, early payments were not high and market investments did not perform poorly."