

## **Paul Braithwaite of EMAG to MEPs, 1 December, 2010**

I speak on behalf of my organisation EMAG, the Equitable Members' Action group, which has 40,000 paying members.

I have entitled this speech "Perfidious Albion" - to name and shame the disgraceful behaviour of the British Treasury towards more than one million victims of Equitable Life, including more than 12,000 Germany and Irish citizens.

I first brought this petition to the Parliament exactly six years ago. I did so because the UK Treasury was denying the injustice caused by the serious failures of British financial regulation of Equitable.

I'm saddened to tell you that the intransigent attitude has continued, despite fine, but empty, words and promises from both parties in our new Coalition government.

I have nothing but praise for THIS Parliament's response to my Petition. A Special Committee of Inquiry was set up, a dozen evidence sessions were held and Diana Wallis presented a 350-page report to the Parliament in June 2007, which was adopted. The key recommendation was to urge:

*"..... the UK Government and all affected parties to accept and implement appropriately any recommendations the UK Parliamentary Ombudsman may make."*

Britain totally ignored this report, as it has high-handedly ignored every missive about Equitable from MEPs and the European Parliament, including ones from this

committee's past president and the President of the EU.

More than two years ago now the Parliamentary Ombudsman's report was published. It found the British regulators, including the British Treasury, guilty of a decade of gross regulatory failure and it recommended that the victims should be compensated for their relative losses.

The then Labour government rejected the Ombudsman's findings. Instead, as a delaying tactic, the Treasury appointed a retired judge to advise on a limited scheme to make payments only to those "disproportionately affected." That process took 18 months and it reported after the recent May elections. EMAG sought to have this process set aside but it was left in place and unchanged. Not surprisingly, it recommended just €400m be paid out.

At the very last possible moment this process was finally abandoned, having served its purpose and talked down expectations.

The date of 20<sup>th</sup> October was THE worst possible day in our lengthy ten-year fight to communicate the compensation. Incorporated into the Comprehensive Spending Review, with its cuts to all ministries' budgets, it was an ideal day to bury very bad news. €1.2 billion in compensation was announced, to be paid out over three years, with a further €600m to be spread out over decades in annual payments to pensioners. This was proudly boasted to be four times what a government report had recommended! How cynical.

The British government has accepted, using the retired judge's methodology, that Equitable's investors losses

were €5.2 billion. But EMAG estimates that the TRUE losses are actually €7.5 billion. On the Treasury's "fudged" figures, one third of the losses are to be compensated. However, by EMAG's calculation, only ONE QUARTER of total losses are going to be paid out.

Worse still is the allocation, which makes no sense:

37,000 pensioners are to receive 100% of their losses, with payouts every year until they die. Excellent - for them! But 10,000 older Equitable pensioners in their 80s, those who started their pensions before 1992, will get NOTHING at all - and these are the oldest and frailest!

And, at the core, one million victims are to share just €930 million over three years. EMAG estimates that's just 15% of their real losses. This is NOT the justice that we have fought so hard for, either in quantum or in its allocation. The new government's excuse is the dire state of the British economy. IT regards the matter as having been satisfactorily resolved and it wants to move on.

But it has gone back on the Coalition's promise made AFTER the election, to make: *"fair and transparent payments to Equitable Life policyholders..."*

Indeed, 380 of our 651 new MPs had signed personal pledges to their local constituents to: *"..... support and vote for PROPER compensation for victims of the Equitable Life scandal ..."*

You can, I hope, see why EMAG's members feel bitter and BETRAYED by THIS government, just as much as the last one, because what is proposed is both paltry and illogical. It has adopted the last government's approach of addressing those "disproportionately impacted" but it pretends that it is being fair to all. But that's just lip

service.

It is deplorable that we are now having to resort again to “black letter law” against our new government, when the Parliamentary Ombudsman process is meant to dispense natural justice for free, without the expense and risks of going to Court.

And what of the 12,000 Irish and German investors, ignored and kept in the dark? Arguably, being non-British citizens, they should not be subjected to the 85% reductions in compensation because the British economy is temporarily broke. Under European “passporting” rules, they were absolutely entitled to rely on the British regulators. Arguably, they should be “ring fenced” and entitled to 100% compensation.

Ominously, in the British Chancellor George Osborne’s announcement on 20<sup>th</sup> October he said: *“We will also help those **across the United Kingdom** who have lost money as a result of the collapse of Equitable Life.”*

I appeal to the European Parliament today to stand up against “Perfidious Albion” and help us challenge the British government for its consistent, contemptible treatment and its failure to adequately redress citizens’ pensions savings, following chronic and consistent failure of the UK’s financial regulators.

Thank you, Madame President, for inviting me here today to give you this update.