

BBC

High Court hears Equitable battle

<http://news.bbc.co.uk/1/hi/business/8160657.stm>

The government should not "evade reality" over regulatory failures in the near-collapse of Equitable Life, the High Court has heard.

The Equitable Members Action Group wants a judicial review over the decision not to follow recommendations to offer full compensation to victims.

The group is representing 21,000 people who lost savings after the firm's near-collapse in 2000.

The case was brought quickly owing to the advancing age of those affected.

MPs also debated the case in the House of Commons on Tuesday.

Compensation

Equitable Life, one of the UK's largest private pension providers, came close to collapse nine years ago after being ordered by the High Court to fulfil financial promises that it could not afford.

The subsequent saga saw more than a million policyholders suffer large cuts to the value of either their prospective or current pensions as the society struggled to stay solvent.

The Parliamentary Ombudsman, Ann Abraham, investigated the events leading up to the society's troubles and ruled last year that various government departments had been guilty of maladministration.

She also called for the establishment of a compensation scheme for

more than a million policyholders.

However, the government continues to deny some of her findings, and is going only part of the way in carrying out her recommendation for compensation. It says it needs to be fair to policyholders and taxpayers.

A former Appeal Court judge, Sir John Chadwick, has been asked by ministers to design a scheme that will give voluntary payments to the "hardest hit" of Equitable's investors.

His next report outlining issues to be considered under the scheme will be published in August.

Treasury Minister Liam Byrne said that he was working at speed, but opposition parties argued that there had been little progress towards compensation and accused the government of "foot-dragging".

Legal battle

Dinah Rose QC, for the Equitable Members Action Group, told the High Court in London that the government could not fudge the issue of compensation.

"We say the government is not entitled to evade reality, which is that it is responsible for falling very seriously below acceptable standards of administration, and people are entitled to compensation as a result," she said.

"The government has failed to provide cogent reasons for rejecting the ombudsman's findings and has accordingly acted irrationally in rejecting them."

The group is also calling for an urgent resolution, estimating that 15 people who lost money were dying each day.

Lord Justice Carnwath and Mr Justice Gross are sitting in the case which is expected to last for three days.

The Guardian

Equitable Life victims take compensation fight to court

Group wants to force the government to follow ombudsman's proposals and set aside its 'mean' payment scheme

Rupert Jones, Tuesday 21 July 2009

Equitable Life policyholders kick off a high court challenge against the government today over its failure to pay full compensation to savers who saw their pensions slashed when the company went to the brink of collapse.

The Equitable Members Action Group (Emag) claims ministers acted unlawfully in rejecting most of the recommendations made by the parliamentary ombudsman, who probed the scandal. Emag raised several hundred thousand pounds from its policyholder members to finance the judicial review, which is likely to last four days.

Paul Braithwaite, general secretary of Emag, said: "We are asking the court to force the government back to the drawing board to establish the independent compensation scheme the ombudsman proposed. This would set aside the government's plan for a mean ex-gratia payment scheme, estimated to pay out rather less than 10% of what's due."

Last year it looked as if the government would have to pay billions of pounds to a million investors after the ombudsman, Ann Abraham, found evidence of "serial regulatory failure".

The Treasury apologised for the "maladministration" that led to the insurer's near collapse at the start of the decade, but rejected recommendations that it should compensate all Equitable members.

Instead, a retired judge, Sir John Chadwick, was appointed to work out which policyholders had been hardest hit and what proportion of their losses could be attributed to maladministration.

Emag claimed the government "has unlawfully rejected most of the ombudsman's findings of injustice stemming from regulatory failure throughout the 1990s", in that it failed to provide the "cogent reasons" required by law.

The judicial review will be heard by two judges, with a judgment expected in the autumn. If the government loses, it will be forced to reconsider making payouts to all policyholders.

Meanwhile, more than 320 MPs have signed Liberal Democrat Treasury spokesman Vince Cable's early day motion stating that "the government should accept the recommendations of the ombudsman on compensating policyholders who have suffered loss".

The Independent:

David Prosser:

An equitable solution?

Outlook: There is still time for the Treasury to chose to backtrack, rather than being forced to

Tuesday, 21 July 2009

<http://www.independent.co.uk/news/business/comment/david-prosser-an-equitable-solution-1754607.html>

Today marks another step in the inexorably slow progress of the compensation claims of thousands of victims of the collapse, eight years ago, of Equitable Life. But though policyholders are heading to the High Court to ask it to force the Government to accept in full the

compensation plans published a year ago by the Parliamentary Ombudsman, it is not too late for ministers to do the decent thing.

The Treasury had hoped that its response to the Ombudsman, unveiled earlier this year, would put a stop to this row. But only a tenth of those affected by Equitable's collapse – deemed by the Ombudsman to be as clear a case of regulatory failure as you'll ever see – stand to get any help under its proposals.

Equitable's victims, understandably, aren't too happy with that, and the support they have in this fight is unprecedented. For example, the Early Day Motion calling for the Government to reconsider its mealy-mouthed proposals has now been signed by a majority of voting MPs in the House of Commons.

With the High Court not due to reach a verdict before the autumn, there is still time for the Treasury to chose to backtrack, rather than being forced to. A U-turn might be embarrassing, but ministers' lack of shame over the Equitable affair has been far more humiliating.

The Times:

Equitable Life policyholders head to court

Miles Costello

Equitable Life policyholders take their claim for compensation to the Royal Courts of Justice on Tuesday in a bid to overturn a Government ruling that gives them a fraction of what they say is a fair entitlement.

The Equitable Members Action Group (Emag), whose 24,000 members have already spent £250,000 on their bid for compensation,

will begin a four-day hearing that is expected to lead to a judgment in the autumn.

Paul Braithwaite, Emag's general secretary, said policyholders were challenging the Government's decision to make payments only to those policyholders who have been "disproportionately affected" by Equitable's near collapse.

He said that Emag, which has secured the backing of 321 MPs for a Parliamentary debate on the issue, believes that an independent tribunal should be set up to establish a fair compensation level for policyholders. Mr Braithwaite said that he was not happy with the Treasury decision to choose Sir John Chadwick, a retired judge, to preside over compensation payments.

More than 1 million Equitable customers lost an estimated £4 billion when Europe's old mutual society was forced to shut its doors to new business in 2001. The previous year, the House of Lords ruled that it had to honour guaranteed annuity policies, leaving it with a liability of about £1.5 billion.

A year ago Ann Abraham, the Parliamentary Ombudsman, published a damning report into the problems at Equitable, finding the Government and regulators guilty of a "decade of regulatory failure" and ten counts of maladministration.

Although the Government apologised to Equitable members for their losses, it rejected four of the Ombudsman's central findings. Earlier this year, Ms Abraham urged the Government to rethink its position and adopt her recommendation to set up a compensation fund.

"It is deplorable the Government has obliged impoverished policyholders to go to Court and has ridden roughshod over Parliament's prerogative to vote on the Ombudsman's recommendations," Mr Braithwaite said.

The Treasury said that it could not comment on the specifics of tomorrow's court hearing, but defended the Government's approach to compensation. It also stood by Sir John. A Treasury spokesman said: "Sir John is fully aware of the need to bring this matter to a

conclusion and will provide his advice to the Government as quickly as he is able."

Press Association

Equitable Life policyholders are launching a legal action over the Government's failure to implement in full compensation recommendations made by a parliamentary watchdog.

The Equitable Members Action Group (Emag), which represents some 21,000 policyholders, is seeking a judicial review in a hearing expected to last three days.

Millions of investors in the UK's oldest mutual insurance company lost up to 50% of the value of their pension funds when Equitable Life came close to collapse in 2001.

The ombudsman, Ann Abraham, found evidence of "serial regulatory failure". Last year it looked as if the Government would have to pay out billions of pounds to a million investors.

The ombudsman found that regulatory bodies had functioned in a passive, reactive and complacent manner and that the FSA had supplied policyholders with information that was inaccurate and misleading. Ms Abraham recommended the establishment of a scheme that would consider individual claims for compensation.

Treasury minister Yvette Cooper apologised for the "maladministration" that led to the insurer's near collapse - but then rejected recommendations that the Government compensate all Equitable members.

A retired judge was appointed to work out which policyholders had been hardest hit and what proportion of their losses could be attributed to maladministration.

MPs on the Commons public administration committee attacked the

"shabby" response and said the proposed payment scheme was "inadequate as a remedy for injustice".

Dinah Rose QC will lead the Emag legal challenge at the High Court in London to the Treasury's failure to accept the ombudsman's findings and recommendations in full.

Emag's general secretary Paul Braithwaite has described the proposed hardship scheme as "totally inadequate" and said it will "take years to implement and looks like leaving 90% of victims out in the cold". Lord Justice Carnwath and Mr Justice Gross will be asked to rule that the Treasury has acted unlawfully and irrationally.

Pensions Week

EMAG's Treasury challenge begins

By Charlie Kirby

Published: 20 July, 2009

http://www.pensionsweek.com/news/fullstory.php/aid/2455/EMAG_s_Treasury_challenge_begins.html

Equitable Members Action Group's (EMAG) legal challenge to the government will kick off in the Royal Courts of Justice on July 21, 2009.

EMAG claims that the government has failed to provide adequate "cogent reasons" for rejecting most of the findings of injustice for regulatory failure throughout the 1990s.

The action group claims that the government's high-handed response is effectively saying 'because we say so' rather than providing substantive reasons. The group is asking the court to quash the Treasury's response to the Parliamentary Ombudsman's report into Equitable Life.

EMAG's general secretary Paul Braithwaite said: "We are asking the court to force the government back to the drawing board on a compensation scheme and to overturn the mean ex-gratia payment scheme which won't pay out more than 10% of what's due."

In a separate development, 321 MPs - more than half of all voting MPs in parliament - have now signed Vince Cable's Early Day Motion 1423 stating that: "The government should accept the recommendations of the ombudsman on compensating policyholders who have suffered loss..."

Braithwaite added: "It is deplorable that the government has driven impoverished policyholders to taking this to court and ridden roughshod over parliament's prerogative to vote on the ombudsman's recommendations.

"However, we're at a tipping point: The government is out of step with MPs, the Parliamentary Ombudsman, media commentators and hundreds of thousands of victims, who are furious with the government for ignoring them. Labour's so-called moral compass has been missing for eight years, where Equitable Life's victims are concerned."

FT Adviser

<http://www.ftadviser.com/FTAdviser/Pensions/Personal/News/article/20090721/848f48a2-7605-11de-a31d-0015171400aa/EMAG-start-legal-challenge-against-Govt.jsp>

Equitable action group back in court to challenge gov't

By Dominic Welling

Equitable Life policyholders started legal action at the Royal Courts of Justice today (21 July) against the government for its failure to provide full compensation to the victims.

The 24,000 members of the Equitable Members Action Group (EMAG), who have already spent £250,000 on their bid for compensation so far, kicked off the four-day hearing today at the High Court.

Equitable Life, one of the UK's largest private pension providers, came close to collapse nine years ago, since which time over a million policyholders have suffered large cuts to the value of their pensions as the society struggled to stay solvent.

A year ago, Ann Abraham, the Parliamentary Ombudsman, investigated the events leading up to the society's collapse and ruled that various government departments had been guilty of maladministration and regulatory failure.

As a result, Abraham called for the establishment of a compensation scheme for more than a million policyholders.

However, the government up to now has refused to follow her recommendations and has ruled that it will only compensate those policyholders who have been "disproportionately affected", in order to be fair to both policyholders and taxpayers.

Today's court case will see EMAG challenge the government's decision to make payments only to those policyholders who have been 'disproportionately affected' and instead will argue for an independent tribunal to be set up to establish a fair compensation level for all policyholders.

In addition, EMAG has expressed its anger at the Treasury's decision to choose Sir John Chadwick, a retired judge, to preside over compensation payments.

Dinah Rose QC, for the Equitable Members Action Group, will argue

that the Treasury was not entitled to reject Ms Abraham's findings and recommendations unless it had compelling reasons for doing so, and that its decision was based on an error of law.

Meanwhile, in May, Vince Cable, Liberal Democrat Shadow Chancellor, launched an 'early day motion' (EDM) to get the government to move on the issue of compensating Equitable victims. It has now attracted 321 cross party MP signatures in the hope that the issue can be scheduled in to be debated in parliament.

MSN

Ministers 'evading' pension problem

<http://money.uk.msn.com/investing/news/article.aspx?cp-documentid=148694737>

Government not entitled to 'evade reality' over near collapse of Equitable Life say policyholders

The Government is not entitled to "evade reality" and its responsibility for the regulatory failures that led to the near collapse of Equitable Life, a QC for policyholders who suffered big losses argued at the High Court.

The Equitable Members Action Group (Emag), which represents some 21,000 policyholders, is challenging the Treasury's rejection of a number of findings of maladministration and injustice made by the parliamentary ombudsman.

It is also challenging a failure to implement in full compensation recommendations made by the ombudsman, Ann Abraham, in July

last year.

A million-plus investors in the UK's oldest mutual insurance company lost up to 50% of the value of their pension funds when Equitable Life came close to collapse in 2000.

It looked as if the Government would have to pay out billions of pounds in compensation after the ombudsman found that the regulators had functioned in a passive, reactive and complacent manner, and that the FSA had supplied investors with information that was inaccurate and misleading.

Ms Abraham recommended the establishment of a scheme that would consider individual claims for compensation. Treasury minister Yvette Cooper apologised for the "maladministration", but rejected recommendations that the Government compensate all Equitable members.

A retired judge, Sir John Chadwick, was appointed to work out which policyholders had been hardest hit and what proportion of their losses could be attributed to maladministration.

Emag's general secretary Paul Braithwaite has described the proposed hardship scheme as "totally inadequate" and said it will "take years to implement and looks like leaving 90% of victims out in the cold."

MPs on the Commons public administration committee attacked the "shabby" response and said the proposed payment scheme was "inadequate as a remedy for injustice".

CITY AM

Government told to face up to failings over Equitable Life at the High Court

Wednesday, 22nd July 2009

<http://www.cityam.com/news-and-analysis/lhp4ub564z.html>

THE GOVERNMENT was yesterday told it can not “evade reality” over its obligations to victims of the Equitable Life crisis.

The criticism, made by a group of policyholders who lost out due to the near-collapse of the firm, came at the start of a landmark High Court case.

The Equitable Members Action Group of 21,000 of the investors called for a judicial review of the government’s decision to ignore some of the recommendations on compensation made by parliamentary ombudsman Ann Abraham.

The high-profile case, set to last around three days, will decide if the Treasury has acted legally and rationally in failing to respond to the calls, after the ombudsman delivered her damning report in July last year. It said the government should pay up over its regulatory failings.

Tory shadow financial secretary Mark Hoban called for action yesterday, saying: “Isn’t it clear that a year after the ombudsman published her damning report on the regulation of Equitable Life and six months after the Government’s response, no real progress has been made?”