

Minutes of the  
All Party Parliamentary Group for Justice for Equitable Life Policyholders  
Held on 10<sup>th</sup> November 2014 at 4.30pm  
In Committee Room 17, House of Commons

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Present: Bob Blackman MP (co-chair), Fabian Hamilton MP (co-chair), Stephen Lloyd MP (secretary), Alistair Burt MP, Andrea Leadsom MP, Andrew George MP, Andrew Jones MP, Dame Anne Begg MP, Annette Brooke MP, Bob Neill MP, Caroline Spelman MP, Claire Perry MP, Heather Wheeler MP, Ivan Lewis MP, Jason McCartney MP, Jenny Willott MP, John Leech MP, Julian Lewis MP, Mark Field MP, Mary Glendon MP, Mary Macleod MP, Mike Hancock MP, Mike Thornton MP, Paul Uppal MP, Sir Peter Bottomley MP, Philip Hollobone MP, Rebecca Harris MP, Richard Harrington MP and Tessa Munt MP.

Paul Braithwaite (EMAG), Alex Henney (EMAG) and Paul Weir (EMAG).

The staff of Clive Betts MP, David Davis MP, Desmond Swayne MP, Elizabeth Truss MP, Fiona Bruce MP, Guy Opperman MP, Harriett Baldwin MP, Iain Stewart MP, John Baron MP, Michael Fallon MP and Stephen O'Brien MP

- Andrew Jones (Con, Harrogate and Knaresborough) (AJ) chaired the meeting for the election of officers. All officers had indicated willingness to stand for re-election. AJ proposed the election of Bob Blackman (Con, Harrow East) (BB) and Fabian Hamilton (Lab, Leeds North East) (FH) as Co-Chairs, this was seconded by Alistair Burt (Con, North East Bedfordshire) (AB) and approved by the Group. The election of Stephen Lloyd (Lib Dem, Eastbourne) (SL) as Secretary was proposed by AJ and seconded by Dame Anne Begg (Lab, Aberdeen South) and approved by the Group.
- BB took the chair for the remainder of the meeting. He said that Andrea Leadsom (AL), Economic Secretary to the Treasury, had been invited to address the Group and would arrive at 5pm. He asked members to support a bid for a Backbench Business debate on the subject of Equitable Life compensation.
- BB asked Paul Braithwaite (EMAG) (PB) to give the Group an update on EMAG's campaign. PB said that EMAG had held a very successful rally in Westminster Central Hall on 22nd October with 350 EMAG members attending. Speeches were delivered by Honor Blackman and five MPs: BB, FH, SL, Tim Farron (Lib Dem, Westmorland and Lonsdale) and Cheryl Gillan (Con, Chesham and Amersham). A statement was also read out by PB at the rally on behalf of Natascha Engel (Lab, North East Derbyshire). He added that there is still a groundswell of discontent with the compensation paid and the by-election in Rochester & Strood is likely to send a message to all elected members that voters feel MPs are not listening to them. EMAG grassroots have expressed this sense of frustration.
- Paul Weir (EMAG) (PW) said that EMAG members are predominantly right of centre and natural Conservative voters. They are increasingly talking about voting UKIP. He

said that he had personally lost £50,000 after receiving his compensation and that his vote at the General Election would reflect the undertakings made by candidates on Equitable Life. He introduced a film which had been made in September by EMAG for their Westminster rally. It shows Equitable non-annuitant policyholders who have received only 22% compensation telling the story of Equitable's collapse and explaining how they felt let down by the current compensation scheme.<sup>1</sup>

- Bob Blackman asked PB to give an update on the Equitable Life Compensation Scheme. PB reminded the Group of the events surrounding the establishment of the compensation scheme. He said that EMAG had been surprised after widespread support from MPs that the compensation was set at £1.5 billion in the 2010 Comprehensive Spending Review. The Government's decision to compensate With-Profits Annuitants in full meant that only £775 million (of their £3.5bn acknowledged losses) was left to be distributed among the 945,000 non-annuitants by the Independent Commission on Equitable Life Payments (ICELP). Quarterly updates on the progress of the compensation scheme have been consistently published late and the latest review which was due on 1 October has still not been published. Progress in locating people eligible for compensation has been slow and in excess of 100,000 people have not been found. The APPG and EMAG enjoyed a good relationship with the Minister previously responsible for Equitable Life, Sajid Javid. He listened to representations and made concessions, including delaying the closure of the compensation scheme and making new ex-gratia payments to pre-'92 with profits annuitants. EMAG is now calling for the 945,000 non-WPAs who are receiving 22% of their losses to be compensated fully. The Chancellor, the Treasury and the Government have acknowledged that they owe a debt to these policyholders, he said.
- SL asked what commitments EMAG had received from the political parties with regards to their manifestos. PW said that only UKIP had so far indicated the intention to commit to full compensation in their manifesto. SL suggested that EMAG should write formally to all manifesto teams to request a meeting and said that the APPG officers would help with this.
- Mary Macleod (Con, Brentford and Isleworth) (MM) said that EMAG had a strong moral argument for receiving full compensation but warned that discussing UKIP detracts from the intellectual discussion around what policyholders are owed. She questioned what UKIP could achieve for EMAG policyholders and urged EMAG to continue to engage with the Conservatives, Labour and the Liberal Democrats.
- FH said that the pre-'92 WPAs were the most vulnerable group and that he was very grateful for Conservative Party support for this group. He said that the £5,000 ex-gratia payment to these policyholders was not sufficient. PW said that it would cost £115 million to compensate the pre-'92 WPAs in full for their losses.
- Bob Neill (Con, Bromley and Chislehurst) said that it was important to run the campaign on a sound factual basis and that EMAG should avoid instigating a bidding war for votes between the political parties. PW said that EMAG desired support from all parties and had always maintained political neutrality.

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<sup>1</sup> The film can be viewed here: [https://www.youtube.com/watch?v=q20PRTj\\_tSM](https://www.youtube.com/watch?v=q20PRTj_tSM)

- BB welcomed AL to the meeting and congratulated her on her appointment to Government. He said that he looked forward to the Group having the same good relationship with the Minister that it had with her predecessor.
- AL thanked the Group for the invitation and said that she had come to listen to members rather than make a statement. She said that the Government had paid out £985 million to around 884,000 policyholders. She added that the scheme was working hard to trace the remaining policyholders. She said that the Government accepted all of the Parliamentary Ombudsman's findings but that the PO had acknowledged that it was appropriate for the impact of the compensation on the public purse to be taken into consideration. The Government had allocated £1.5 billion to the Scheme and is forecast to borrow £95.5 billion this financial year. She said that the economy had improved but that the UK's debt meant the Government has not changed its original stance on the level of compensation available. She said that she had enormous sympathy for Equitable Life policyholders. The new regulatory regime with the FCA meant that the situation could not be repeated. AL invited questions.
- BB asked AL when the next quarterly report on the compensation scheme would be published and why the publication of the routine report had been delayed again. AL apologised and said that she was not aware that the report was overdue.
- Caroline Spelman (Con, Meriden) asked why the Department for Work and Pensions was charging HM Treasury for the provision of National Insurance numbers to the compensation scheme to help trace policyholders. AL said that HMT was making every effort to trace policyholders and that she would look into whether policyholders were being traced using NI numbers.
- Mary Glendon (Lab, North Tyneside) questioned AL's statement that compensation needed to be fair to policyholders and taxpayers. She pointed out that policyholders were also taxpayers. AL said that all people in the UK are taxpayers and that Equitable Life policyholders were only a subset. She repeated that the level of compensation needed to take into consideration the state of public finances and that the Government believed £1.5 billion in compensation was a fair balance between taxpayers and policyholders.
- SL said that the economy was improving and asked what the Treasury's position on compensation would be if the economy continued to improve over the coming years. He also asked for Treasury officials to continue to work with EMAG to trace policyholders. AL said that Treasury officials had always been very open to meet with EMAG and that any support from EMAG would be welcome. She repeated that the Government is forecast to borrow £95 billion and said that the improvement in the economy was attributable to the Government taking great care with public finances.
- MM asked AL to commit to having a conversation with the Chancellor and feed back the strength of feeling amongst the Group that more should be given to policyholders. AL thanked MM for regularly raising the issue of Equitable Life with her and said that she would discuss the meeting with the Chancellor.

- Tessa Munt (Lib Dem, Wells) (TM) said that she hoped that AL would have a more constructive approach to Equitable Life than her predecessors. She said that she had been disappointed by the Treasury's approach to EMAG during meetings she had attended. She questioned how the continuing failure to pay full compensation to all Equitable Life policyholders would impact on confidence in the pensions system. AL said that people could have confidence in the pensions freedoms that the Government was introducing because the current regulatory system would protect people in the event of a pensions company failing. She noted that Equitable Life had not technically failed and said that the bad experience of Equitable Life should not dissuade people from saving. TM said that if the new regulatory framework meant that this problem would not be repeated then the argument for compensating Equitable Life policyholders in full was actually strengthened.
- Mike Hancock (Ind, Portsmouth South) said that it was wrong to say that Equitable Life had not failed. He also called on the Government not to cease paying compensation to policyholders at the same time that the compensation scheme stops seeking policyholders. AL repeated that the collapse of Equitable Life could not happen under the current regulatory system and that compensation needed to be fair to policyholders and taxpayers.
- BN said that it was right to acknowledge that the current Government had taken more steps to compensate Equitable Life policyholders than the previous Government but he said this position was undermined when Treasury Ministers claimed Equitable Life had not failed. He said that his constituents contrast the treatment of Equitable Life policyholders with the customers of banks which were bailed out by the Government and ask why they are being treated so poorly. AL apologised for any impression that she thought Equitable Life had not failed and said the point she was making was that Equitable Life had not entered bankruptcy. She said that the difference between bank compensation and the compensation of Equitable Life policyholders was that the Financial Services Compensation Scheme which compensates bank customers was funded entirely by a levy on the industry, whereas Equitable Life's compensation comes directly from public finances.
- FH said that public finances were being used to compensate Equitable Life policyholders because the PO had found that there was a catastrophic failure of Government regulation. He asked if the £100 million contingency fund in the compensation scheme could be used to fund full and equal compensation to pre-'92 WPAs. BB stated that full compensation for pre-'92 WPAs would apparently cost about £115 million. AL said that she would look into the issue but that pre-'92 WPAs had not been fully included in the compensation scheme because Government regulatory maladministration according to the PO had begun after September 1992. She added that the contingency fund was earmarked for paying compensation to with-profits annuitants beyond 2030.
- The meeting adjourned for a division. On resumption, Julian Lewis (Con, New Forest East) (JL) said that he remembered the substantial political capital made by the Conservative Party in Opposition by promising Equitable Life compensation. He said that paying greater than 22% compensation was a matter of honour for the Conservative Party and asked if policyholders would be receiving more compensation if the public finances were in better shape. AL said that the Government was constrained by the public finances it had inherited. JL said that the

Conservative Party in Opposition would have been aware that the public finances were in a poor state when it made its pledge on Equitable Life. AL said that the Conservative Party would not have known what the total cost of compensation might be when it pledged to reach a fair settlement and that the poor state of public finances did not become fully apparent until the Conservative Party entered Government. AL said that ICELP had decided that compensation to non-annuitants should be 22%. BB said that ICELP had been directed to divide remaining compensation left, after promising 100% compensation to the WPAs, to non-annuitants and that this had inevitably led to compensation of 22%.

- BB said that the Chancellor had accepted on the floor of the House that the total compensation owed to Equitable Life policyholders was £4.3 billion and that the Government had a responsibility to pay back any debt it owed eventually. JL said that the Government could commit to revisit the total compensation available when the public finances improve.
- AL addressed issues raised earlier in the meeting. She said that progress reports on the compensation scheme had not been published because progress had not been significant. She said that this would not be the case in future and that progress reports would be published regularly as previously promised. On the issue of the Treasury accepting help from EMAG to trace policyholders, AL said that the Treasury had previously destroyed a disc supplied by EMAG containing policyholders' contact details because they believed it would be illegal to retain or use the data.
- BB told AL that members of the Group were planning to seek a Backbench Business debate in the coming weeks.
- The meeting closed at 6.10pm.

**Paul Scaping**

For EMAG