

EMAG Briefing Note for MP meetings

The following pointers are intended to help you think about how you might talk to your MP, the questions they might ask and what you will ask of them.

Be polite but firm

MPs have taken the time to meet with you. They would prefer that you did not spend your time haranguing them for past failures of Government but you should not allow them to think that their sympathy is sufficient. Tell them that you are grateful for their support (if they give it) but that you do want them to do more.

Make it clear what your demand is

EMAG has a very clear message: the Government acknowledges that Equitable's one million pension savers suffered a relative loss of £4.1 billion as a result of maladministration, but has only agreed to pay £1.5 billion in compensation. This is unfair and not what was promised. EMAG thinks that the Government should pay the £2.6 billion UNPAID debt which is still outstanding.

Don't assume that they know everything

Your MP will want you to believe that they have been following the Equitable Life scandal for years and have attended debates and meetings on the issue, but they almost certainly do not have an in-depth knowledge of Equitable Life. Be prepared to patiently explain basic facts with a focus on the key points you want them to go away remembering.

Remind them that you have worked hard and thought you were doing the right thing by saving with Equitable Life

Some MPs occasionally think Equitable policyholders must be wealthy people who can afford to lose a few thousand pounds. Tell them that your pension savings were not a speculative "investment" that you could afford to lose but a basic provision for your own retirement. Appeal to their sense of fairness by asking if it is right that working people who take the responsible precaution of saving for their retirement should lose that money because the Government failed to properly regulate Equitable Life.

Remember that MPs are under pressure from a lot of their constituents, many of whom also have legitimate complaints

The majority of MPs do accept the need to reduce the annual budget deficit and they have come to realise that this means that money is sadly not always available for causes they support. You could show sympathy for the government's difficulties in juggling the budget but remind them that Equitable policyholders have a legitimate claim to compensation that precedes the financial crisis. The Government confirmed in 2018 to MPs that the Treasury was liable to pay the entire £4.1bn sum, but that it was simply a question of "affordability". But this is **AN UNPAID DEBT**. The Government's financial response to the current pandemic – right as it certainly is – shows that money can be found when needed. Money owed to Equitable Life victims amounts to less than 0.7% of the £394bn released to cope with the pandemic. From conversations with other victims, the inference is that any money they receive will be spent within the next year to two, which would provide a vital boost to the local economy in these difficult times.

Ask them to do something specific and follow up with you

A supportive MP will want to know **what you actually want them to do**. They know that your ultimate request is that the Government pays its outstanding debt, but they will ask what they can specifically do to help you achieve that. Ask them to join the All-party Parliamentary Group (this requires no time commitment) or, if reluctant, to speak to the APPG Chair Bob Blackman. If supportive, ask them to post their support in the local paper and on Social Media and encourage a neighbouring MP colleague to join the APPG.

Aide-memoire for MP meetings

- The Parliamentary Ombudsman found there had been a **decade of serial regulatory maladministration**.
- The PO's central recommendation was that **Equitable Life savers should be put back into the position they would have been in** had that maladministration not occurred.
- The government **accepted the PO's findings in full**. The Conservative Party **promised Equitable Life savers fair and transparent compensation**.
- The Government **accepted the losses** savers had suffered **amounted to £4.3bn** – (later revised down to £4.1bn) – **BUT only allocated £1.5bn for compensation** citing the state of the public finances at the time:
 - 37,000 annuitants received 100% compensation (costing £620m).
 - 895,000 people were left with a share of the remaining £780m – **only 22.4% of what they lost**.
 - **10,000 of the most elderly savers were unfairly excluded** from the compensation scheme, simply because they took out an annuity before a government-imposed cut-off date of September 1992.
- There are **serious questions over the accuracy of payments made to date**. EMAG has seen examples of huge errors having been made – to the detriment of the individuals concerned.
- **HM Treasury has refused to disclose the full calculation details**, claiming “commercial confidentiality”.

Rebutting HM Treasury arguments

'With limited resources the Government had to be fair to both taxpayer and policyholders'

We think most people would consider 22% compensation to be unfair when the government has already accepted responsibility for the consequences of its failures. Almost 300 backbench members of Parliament agree. The Government covered 100% of savers losses during the 2008 financial crisis, including those who put money in Icelandic banks. Availability of money is not the issue. The Government has found hundreds of billions to support the economy and businesses through the coronavirus pandemic. Freezing fuel duty for just one year costs more than paying the debt owed to Equitable Life victims. The money paid to Equitable victims would be recycled into the economy.

'The Parliamentary Ombudsman accepted that public purse considerations applied'

The Ombudsman did accept this, not least of all because ultimately Parliament is sovereign and she does not have the power to allocate money, but she in no way suggested the level of compensation announced (22%) was appropriate or fair. Indeed, she cited industry's 90% protection scheme, which Equitable Life victims were denied access to because the Society was considered 'too big to fail'.

'The Government were completely transparent about the calculation methodology and worked with EMAG to give explanations to policyholders'

This is untrue. HM Treasury refused full disclosure and has hidden behind the 'commercial confidentiality' of their adviser Towers Watson. EMAG was forced to try to reverse engineer their calculations with only limited success and remains unsatisfied that payments can be shown to be accurate. HM Treasury has done all it can to keep what's inside 'the sausage machine' hidden.

'Pre-92 WPAs have not been treated unfairly as they could not have been aware of the regulatory failure until Autumn 1992'

Pre-92 WP Annuitants – the most elderly and vulnerable group of policyholders – suffered the same consequences of maladministration that other policyholders did. The Parliamentary Ombudsman's report made no distinction between post-1992 and pre-1992 investors, nor did the Society itself or the House of Commons Public Administration Select Committee. HM Treasury imposed an arbitrary cut-off date for “purchase decision” to reduce its costs, ignoring the issue of broader regulatory failure.