



Press Release

26 July 2010

Parliamentary Ombudsman responds to Chadwick Report on Equitable

The Parliamentary Ombudsman, Ann Abraham, has written to all Members of Parliament today to inform them of her initial assessment of the proposals made by Sir John Chadwick, and announced by the Treasury last week, for a system of payments for those affected by the Equitable Life affair. The Ombudsman's letter fulfils her undertaking to assist Parliament to consider what action should be taken as a result of her 2008 report [*Equitable Life: a decade of regulatory failure*](#).

Referring to the Government's commitment to implement the recommendation for compensation made in her 2008 report, the Ombudsman writes: "I thought it important to let Members know as soon as possible that the Chadwick proposals seem to me to be an unsafe and unsound basis on which to proceed."

She continues: "It seems to me that those proposals, if acted upon, would not in any sense enable fair and transparent compensation to be delivered."

Describing the Chadwick report's terms of reference as no longer relevant to the Government's commitment to implement her recommendation, the Ombudsman says: "In studying the Chadwick report I have noted that it misinterprets central parts of the conclusions outlined in my July 2008 report and has ignored others." She continues: "I find these flaws

particularly concerning, providing as they do the basis for some of the central and more controversial proposals within the Chadwick report."

Her letter concludes: "It is not for me to become engaged with future discussions surrounding the policy now to be adopted. However, as ever, I remain ready to assist Parliament in its deliberations on these matters."

A copy of the letter sent to MPs is available on the Ombudsman's website at www.ombudsman.org.uk.

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Notes for Editors

1. In July 2008, the Parliamentary Ombudsman published a report on her investigation into the prudential regulation of Equitable Life during the period prior to 1 December 2001, *Equitable Life: a decade of Regulatory Failure*. In this report she identified 'serial regulatory failure' constituting maladministration and resulting in injustice in the form of relative financial loss for policyholders of the collapsed Equitable Life pension's scheme. She recommended that policy holders were compensated for their relative loss through an independent payment scheme. This report is available on the Ombudsman's website: <http://www.ombudsman.org.uk/improving-public-service/reports-and-consultations/reports/parliamentary/equitable-life2>.
2. In May 2009, following two reports by the Public Administration Select Committee backing her recommendations, the Parliamentary Ombudsman took the exceptional step of laying before Parliament a follow up report, *Injustice unremedied: the Government's response on Equitable Life*. This highlighted that the Government's proposals did not go far enough to address the injustice suffered by Equitable Life policy holders. This report is available on the Ombudsman's website: <http://www.ombudsman.org.uk/improving-public-service/reports-and-consultations/reports/parliamentary/injustice-unremedied-the-governments-response-on-equitable-life2>.
3. Sir John Chadwick's report is available here: <http://www.chadwick-office.org>.
4. Ann Abraham holds the post of UK Parliamentary Ombudsman and is also Health Service Ombudsman for England. She is appointed by the Crown and is completely independent of government and the NHS. Her role is to provide a service to the public by undertaking independent investigations into complaints that government departments, a range of other public bodies in the UK, and the NHS in England, have not acted properly or fairly or have provided a poor service. There is no charge for using the Ombudsman's services.
5. For other media enquiries please contact the PHSO Press Office on 0300 061 4996.