

Please note

The telephone numbers of the Parliamentary and Health Service Ombudsman changed on 15 March 2009.

The new contact details are:

Helpline: 0345 015 4033

Fax: 0300 061 4000

Responses from those representing complainants

Equitable Late Contributors Action Group

Dear Ms Abraham

It has sometimes been suggested (notably by Ruth Kelly MP on 17 June 2004, following publication of the Penrose report) that Equitable policyholders have not suffered undue hardship as a result of the reduction in their funds caused by Equitable. It has been suggested that they have other pensions, are wealthy, have other sources of income and so on.

Extract from Hansard 17 Jun 2004: Column 906 Ruth Kelly: However, people who invested in Equitable Life did so of their own free choice. Investors in Equitable Life tend to have supplementary pension provision, and many members have large pension pots, though others have smaller pots. It is largely their expectations that have been disappointed.

Notwithstanding that the average policy holding was probably somewhere in the region of just £18,000 per person and that the 1.5 million policyholders included people from all stations in society - civil servants, teachers, nurses and other people with modest amounts invested in AVCs (Additional Voluntary Contributions), I sought to find some examples of how the cuts are affecting real people. (I understand that for members of group schemes the average policy size was even lower at just £4,000 per head).

With the assistance of EMAG I sent an inquiry to a random selection of their members in April 2008 to ask whether they had suffered as a result of the cuts to their Equitable Life pensions and policies.

Sadly, I also received many from people who still blame themselves for their "stupidity" and feel ashamed to admit in public that they ever put money into Equitable Life. Additionally there were those who by my reckoning have suffered greatly, but stoically refuse to see themselves as victims.

I have compiled a small selection (with the names removed) which helps remind us about the human cost of the Equitable Life scandal.

Yours sincerely

Paul Weir
Equitable Late Contributors Action Group

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Letter A

I am 83 with a Wife of 77. She has suffered with Breast Cancer & I am on Kidney Dialysis at home!

My Equitable Life Annuities are now £12,000pa; they were £25,000pa!

Fortunately, we are both very positive people, but we have had to give up the idea of a holiday in September.

Hope these comments are helpful.

Regards.

Name removed

Letter B

Our problems started from the time my husband and I took our pensions at the same time. (My husband) had transferred his occupational pension to them when he no longer had a company pension to pay into. I paid my pension with Pru and we both topped up payments each year to the maximum we could pay.

Pru were impossible in that they could never add my additional payments to my regular ones in their annual statement. I became so fed up with them that I paid the extra each year into a small pension with Equitable.

Our Rep (name redacted) convinced me to transfer all my funds to Equitable which regrettably I did. Then just before we signed on the dotted line I asked him about problems with Equitable which I had read in the Telegraph about a possible Court case. He assured us that Equitable had sufficient funds put by whatever the outcome. When all the problems came up I tried to claim mis-selling but that was declined. We have always been in a low income bracket and therefore knew we would not receive a good pension so we also gave up the idea of holidays abroad and similar luxuries so that we could save so that we would be able to supplement our pension to do the things we always wanted when we retired. But because of the reduced pension (My husband) has had to continue to work and at almost 74 he is working as a driver taking people to airports and the trips can be anything from leaving home at 4am or arriving home at midnight.

My husband has always distanced himself from financial matters and left me to do all the facts and figures and as a result thanks to the Disappearing pensions and all the worries and stress my health has suffered. The first problem I picked up was when I was going through figures about the pension reductions on (my husband's) pension involving protected rights and I realised the deductions on the state pension for the contracted out period of employment was far greater than we were receiving from Equitable as protected rights. I had months of correspondence with the DSS and Equitable and had to go back through all (my husband's) P60s for years to check that, at the DSS request there had not been an error on their part. Still I could get nowhere with Equitable and in addition was the problem of the reducing pension. By this time I was very unwell and suffering many infections not sleeping, tearful and irritable so had to resort to sedatives tranquillizers and antidepressants over the ensuing years and all this is on my medical records as stress caused by Equitable. In fact I am still suffering the sleep problems and get stressed so

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easily I am not the person I Was before the Equitable saga. To return to the protected rights problem it was only by writing to [Equitable's Chairman] that I got the answer that they had not included the protected rights (my husband) had paid with them, only the part from earlier Employment. I insisted that this was corrected as at least that small part of (my husband's) minimal pension was hopefully safe and they finally corrected it going back to when the pension was first paid. They had the audacity to ask for the small amount back they had overpaid which they admitted was their error. However when I complained about all the costs of letters and phone calls they did relent.

Each year as the new pension statements become due I find myself waking in the middle of the night worrying about it and with facts and figures going round in my head. The current worry is what will happen this year with our annuities being with Pru.

Now thanks to Gordon Brown we have another worry. (My husband) is only paid minimum wage but that added to his state and Equitable pension means he loses the over 65 tax allowance and now with the 10% allowance removal he is going to be even worse off. Because we have saved we can get no help from the State.

We have felt it is especially important for us to save as due to a brain tumour as a child my daughter became registered blind and is totally kept alive on drugs. She is working as a music teacher but we do not know what the future holds for her. She has already had a further brain tumour due to radiotherapy 30plus years ago and is also at risk of contracting CJD thanks to the NHS blunder with infected growth hormone so naturally we hope that should she have further problems and have to give up work there will be help with money from us

Kind regards,

Thank you for your efforts.

Name removed

Letter C

I will be brief as to the effect on me.

1. I had at the time of Equitable failure £243,000 in the pension pot and had until that time put in £25,000 PER YEAR AS A CATCH UP.
2. On the demise of Equitable due to charges by Equitable and the service provider I transferred to together with the requirement to withdraw 25% to keep in line with the tax at that time my holding went down to 47.3% of the original.
3. As a result of the situation I cannot afford to retire, I am 67 years - 68 in November. I also have Prostate cancer, and cannot afford to stop work given that with a state pension of £4,500- £5,000 per year I would have to go cap in hand to the state for credits.
4. My original intention was to save enough to retire on £24,000 per year at the rate I was saving. However that stopped due to Equitable as any faith in private pension providers

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evaporated with Equitable Life. Should you require any clarification of my statement I will be only too happy to provide. The wife calls I am off, oh yes cheap rail tickets.

Kindest regards.

Name removed

Letter D

I find it difficult to claim that I have suffered hardship as a result of the Equitable situation. I have just had to manage on a decreasing income since I retired in 1998 on a "with profits annuity" that was planned to increase in line with inflation. I am fortunate in that I have some other income including DSS pension with SERPS and some other investments; my wife has substantial investments, not connected to Equitable and I have to rely on her rather more than I might have liked.

The figures below are monthly pensions received from Equitable before tax. As you see, they decrease rather than increase in line with inflation as expected.

- 1999 £2,062.95
- 2000 £2,143.46
- 2001 £2,266.34
- 2002 £2,243.68
- 2003 £2,230.73
- 2004 £1,772.04
- 2005 £1,676.22
- 2006 £1,659.27
- 2007 £1,640.19
- 2008 £1,640.83

Hi. My name is (name removed). My late husband lost approx £16,000 through Equitable. When he was alive, he worked hard, putting away savings for his retirement, he died at 56, knowing that what was left which would come to me, was a pittance, instead of a comfortable pension for me after he was gone.

On his early death, I was "awarded" £44 a month for life! I am 60 now, so given that I might see another 10 years health permitting, not much for all his hard work of saving for old age. How do you survive on a state pension and the miserly "offering" from Equitable?

This government has a lot to answer for! Not least turning their backs on the likes of my late husband who tried to do his "bit". We are told to/encouraged to take out private pensions to take the strain off the state as well as all living longer - what's the bloody point?

If corporations like Equitable can get away with ripping us all off our hard earned cash and getting away with it, all power to the people of this country who don't bother.

"Disgusted"

Name removed.

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Letter E

Although I have never suffered true hardship I did lose about £120k of pension value and suffer 5 years of zero growth. I was also trapped in the with-profits fund by dint of the GN11 changes (another stealth tax dear Gordon managed to pass).

I have suffered extreme stress levels which haven't helped my health and I have to say I made my wife and family suffer too. All of my future planning was severely damaged. Some of the replies from ELAS would make a vicar swear.

I have spent thousands of pounds and hundreds of hours trying to take a case against ELAS via my own claims, via the Bristol/Bath solicitors (forgotten their name but they have been a leading light in the claims) via several IFAs and actuaries and via the Pensions Ombudsman. I still have all of this documented in several lever arch folders.

The end result was the FOS ordered ELAS to pay me a £500 cheque for stress!! Still the FOS did state in writing that the pension valuations I received from ELAS were not real and in truth it was never my money so I couldn't claim it back!!!! - a very interesting argument.

I know there are hundreds of more deserving cases than mine (particularly retired people who must be compensated first - although I am 57 myself).

Please note I wrote to all relevant MEPs prior to the European debate.

To all at EMAG who have done so much over these years my usual thanks and keep up the good work.

Name removed

Letter F

Further to my email this morning re Equitable Life difficulties. A very brief summary of my story is as follows, if it interests you and you want more please contact me again. I am prepared to follow your lead on this situation.

1. 1997 "persuaded" by an Equitable Life rep to transfer all bar one of my policies to a managed fund (drawdown).
2. 2003 I was badly advised by an IFA, as a result my pension fund was frozen in a non-interest bearing account by Equitable.
3. There followed debate between Equitable, the FOS and myself, following a complaint made to the FOS in 2003. This has not yet been finalised.
4. At first the FOS found nothing wrong with my case then Equitable agreed I had been mis-sold the managed policy. Since then we have been arguing about what the correction should be to my fund.

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5. Last November/December I appointed an actuary to advise on the complicated calculations received from Equitable. He could not understand them and asked for further explanation. We are still waiting for a reply.

6. Along the way my MP has referred the matter to the Government's independent reviewer who advised the FOS to re-visit the complaint, finding that there had been mistakes made by a number of individuals at the FOS including the service review team.

7. It is about 5 years since my complaint was put to the FOS and the matter has not yet been resolved. I am now 65 years old and still without my pension.

I have several binders full of letters, faxes etc, too much to cover here. I hope I can be of help, please let me know.

Name removed

Letter G

Fortunately my investments in Equitable were not life threatening, but the following three policies of mine give some idea of the depths into which some investors pensions have fallen.

Policy 1 paid gross per month in 2001 £76.29 - in 2007 down to £46.59

Policy 2 paid gross per month in 2001 £64.34 - in 2007 down to £34.04

Policy 3 paid gross per month in 2001 £69.45 - in 2007 down to £34.61

Gives some idea of the scale of Pension reductions. I am now getting three small sums from the PRU!

Name removed

Letter H

Yes I have been seriously affected by the Equitable scandal, to the extent that even now at nearly 70 I am still working to try to make up the shortfall of over 25% in my pension. Though I have complained bitterly both to Equitable, the Financial Services Ombudsman and the Parliamentary Ombudsman, to date I have not received any recompense. I had a GAR, but was manoeuvred out of it into a Draw-Down Managed Pension, and also a With Profits Pension which I was fraudulently sold, which has been reduced by a third and is still falling. Yes I have been seriously disadvantaged by the lack of proper financial control of Equitable by the Treasury at the time ie. Gordon Brown. He indeed was the cause of the pension collapse by thieving £5billion a year, and should be made to pay for damage he has caused.

It is offensive that Politicians have awarded themselves generous pensions and expense allowances at the tax payers expense ie. Me and you, and yet the Government chooses to ignore all the facts that have come to light, showing that they were guilty of negligent financial control of Equitable Life leading up to year 2000, the year I was to start drawing my pension.

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I intend to fight on, and support your noble efforts on our behalf.

Regards,

Name removed

Letter I

I funded an Equitable pension during my working life which was intended to increase annually to reflect the growth of their equity fund. For this I forfeited 2% annually.

I started to draw my pension in 1997 and in the first two years, the mean increase after the 2% forfeit was 5.47%. Instead of this, my actual pension was reduced in 2003 by 25.4% and since then, has reduced annually by the 2% forfeit as the equity fund was extinguished by Equitable.

The result of this is that my pension each year is less than expected by an increasing sum, rising from 37% in 2003 to 52% in 2007 and each year the position gets worse.

In the current year I would have expected in excess of £21,000 whereas I will receive less than half viz £10,200.

The Equitable pension was supposed to be the major part of my retirement income. As it has reduced so dramatically, I have had to economise considerably on my outgoings of everyday living, quite apart from holidays which have necessarily been much restricted for myself and my wife. Furthermore I have had to downsize on my house in order to make ends meet.

I suspect that the majority of Equitable pensioners have a similar experience as I have, thanks to the ineptitude of both the Equitable and the FSA regulatory authorities and I trust that some compensation will be forthcoming from the government.

Yours faithfully,

Name removed

Letter J

Both my wife and I have with profit annuities ex Equitable Life now with Prudential. I have two policies and my wife has one. We have seen our pension payments go steadily down to approximately half of the initial payments. We have lost, so far, approximately £14,000 of income each year. We own our home and we do not go hungry but we have nothing like the life we expected and had planned.

We were led to believe by Equitable Life that we could expect our income to go up at least in line with inflation. We had both worked very hard all our lives and had saved all we could for our retirement. We now struggle to keep our home and maintain it as costs constantly rise and our income falls. Our holidays now consist of visiting one or other of our children.

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I drive an old car and have no prospect of replacing it. The enormous rise in the cost of petrol means that we only use the car when absolutely necessary. We have no access to public transport as we live in a village at the bottom of a very steep hill which neither of us are fit enough to climb.

I am divorced and have to pay my ex wife, who became an alcoholic, £12000 per annum. One of Gordon Browns first action as chancellor was to withdraw tax relief on maintenance payments. This Cost me 3 to 4 thousand pounds a year which I could cope with when I was receiving my full annuity but now, of course it is another story. The payment awarded to my ex wife by the Court naturally was based on my anticipated pension. That pension has been cut in half.

We were anticipating a retirement free from financial worries and looked forward to being able to give our children some financial help if necessary and give treats to our nine grandchildren. We now have to live a very quiet life and watch every penny and it is now our children who give us the occasional treat rather than the other way round.

All in all our life bears little or no relationship to what we planned and worked and saved for

Yours sincerely,

Name removed

Letter K

I hope that indeed the findings of the Ombudsman will meet your and my hopes. I also agree that Mr. Brown is highly unlikely to give in without a fight. But I would certainly like to put my story at your disposal.

After 40 years my very tough but quite successful business career came to an end through some medical condition. With the help of my wife I recovered fortunately quite well during 1992 - 2000. We were looking forward to a relaxed and comfortable retirement based on a good pension invested with a highly recommended pension provider Equitable Life as required by Government regulations. We wanted to be able to spend every year as long as possible during the winter some months in warmer climates; we wanted to help our children with financing the university education of our grandchildren; we wanted to partially refurbish and extend our house; and we wanted to have some cushion against the ravages of inflation.

With horror did we hear of the collapse of Equitable in summer 2001. Suddenly our certainties were gone and we had to adjust our retired life to a substantially reduced pension. Out went our plan for some month in the sun; out went our plan to refurbish our kitchen and add a second bathroom to our house; out went our hope to have a buffer against inflation. However we did not want our grandchildren to suffer and continued to help in full. Today we have to grin and bear it and make the best out what is left of our pension. However we are worried that in time inflation will see to it that we may not be able to cover our needs - a cover that we expected to have based on the original with-profit investment with Equitable. My wife and I feel cheated by a Government that forced

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us to take out an annuity without making sure that it was in the position to supervise and regulate the pension industry.

I also advised my daughter to invest her savings and company pension contribution with Equitable. A large amount of this money has been lost and the consequences on her future pension will be tough. All this caused by an incompetent Government boasting about pension security without doing anything to supervise and regulate reliably the pension industry.

Name removed

Letter L

I originally had my main pension which was a GAR but switched to WP in 1998 when about to retire without realising the full implications. However about a year or so later I was given the choice to rectify the situation by Equitable Life and return to GAR. Understandably I jumped at chance. I do still have a small WP annuity which used to pay about £100 per month and has now dropped to just over £50 pm. This has now been transferred to the Pru. I find it rather surprising that those annuitants that have suffered so terribly because of this situation are reluctant to come forward. Although my loss is small compared to many annuitants. I still support EMAG as a matter of principle and will continue to do so. If I can be of any help at any time please do not hesitate to contact me.

With warmest regards,

Name removed

Letter M

My father had an Equitable Pension which served him well, so when, as impecunious self-employed architects with four children, we at last had some money to put into a pension The Equitable was our immediate choice. Later, my husband took out another pension from them, and then I was able to take out another, always reciprocal. Now my husband has died and I am 79 and all we depended on has been vastly reduced. I still work to give myself a decent standard of life, but I cannot expect to be able to do this much longer.

I think that the Lord's decision to give precedence to the GAR pensions was unjust, because we relied on the statement that once a bonus was awarded it would be permanent. As a result, our small pensions have been dramatically reduced.

Please keep fighting.

Yours sincerely,

Name removed

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Letter N

On my retirement in 1994 my capital with Equitable Life was £40,000 which presumably they invested to give me a pension of £306 a month. (now £176 with the Pru).

When the crash came I lost £140 per month which although small by some standards would have given me a chance to travel on holiday about twice a year, my savings were only about £6,000 at the time.

My question to my MP was when I ran a small consultancy for testing welding operatives, which I started on my retirement to boost my pension and savings I had to have Insurance for Professional Indemnity and Public Liability. Why did they not have the same? - after all they were professionals in the investing of money etc.

Thanks for your efforts,

Name removed

Letter O

I'd be happy to help but I suspect my story isn't of a sort to wring the Ombudsman's withers. My pension has been substantially reduced (by £1,000/month, tax-paid) but I am still able to do what I want - having modest needs and other resources to satisfy them. The people who have suffered are my children, for whom this money is/was earmarked. My gripe (and why I started this letter) has more to do with the misrepresentation of EL's fund management policies. Had I been honestly told, I'd have taken different decisions.

Regards,

Name removed

Letter P

The following is a very brief account of my suffering at the hands of the Equitable. I do realise that there will be many others who have suffered more, but here is my story for what it is worth.

I was senior partner in a small legal firm, so self-employed, and retired from work at the end of 1996 having built up a reasonably substantial pension fund spread among several companies. On retirement I was persuaded by the Equitable representative to transfer all the money into the Equitable as at that stage it was the only company offering a drawdown policy, which I found very attractive. The previous generation of partners in my firm had had to convert their pension funds into annuities on retirement and had subsequently been badly hit by the rampant inflation of the 1970s and I was keen to avoid a similar fate.

During the first few years of retirement I was able to live quite comfortably on the income from my drawdown policy, though I was visited by a representative of the Equitable, I think some time in 2000, who tried to persuade me to convert the policy into an annuity. At this time the legal action in which the Equitable was involved was in the news and I

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asked his opinion of it. He told me that the company was confident of success in the action but in any case the funds in my drawdown policy were "ring-fenced" so that they were safe even if the Equitable lost the case.

When they did lose the case in late 2000, I enquired about transferring my drawdown policy to another company but was told that that was not possible - the only choice was to convert it into an annuity. By the time this rule was relaxed in early 2001, the Equitable had slashed the value of all its policies, including mine, by 25%, the effect of which was that it was now not producing sufficient income for my needs and if I supplemented my income by drawing on the capital, the fund would almost certainly be exhausted well before my death.

I therefore had no alternative but to use the fund to buy an annuity, which I duly did with the Norwich Union. I am therefore now in precisely the situation which I wanted to avoid, getting a fixed income from the annuity which is extremely vulnerable to inflation.

Before the reduction in value my drawdown policy was worth £254,178; this was reduced to £216,051 by the Equitable. I was drawing £1,500 per month from the policy up to then and it was still increasing in value; my annuity with the Norwich produces only £1,121 per month after tax. This covers most normal living expenses though I am not sure how long this will continue to be the case; any one-off expenses, including holidays, are paid for out of capital which of course will not last for ever. I am now aged 72 and my wife is 70.

I did apply to the Equitable for some relief under the scheme which they were running, particularly in view of their representative's words to me in 2000, but as I had no documentary proof of what was said and indeed had destroyed all the correspondence which took place at the time of my retirement, my claim was rejected.

Yours sincerely,

Name removed

Letter Q

I think you should also include people who have a very clear view of how much Equitable have stolen from their investors. I can provide you all of the detailed information you might wish as an example of how investors of 10 or more years standing were conned out of their pension fund entitlement (earned from the early 1990's) including the period starting in the mid 1990s when the Government regulators were in control.

1. Pension fund estimated value: £116k in July 2001
2. Request for conversion of this fund to an Annuity dated 09 July 2001 ignored by Equitable Life management.
3. Actual Received: £86k for Annuity in 2002
4. Lost Funds: £30k in bonuses + interest

I have not signed acceptance of any Equitable Life management activities and wrote to Senior Equitable finance Director, Thomson in September 2002 to indicate that I was prepared to take legal action to resolve the issues.

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Kind regards,

Name removed

Letter R

For the last 8 years before retirement I "salary sacrificed " all of my annual sales bonuses and the company paid them into my pension fund with ELAS so as to build up my pension as I had agreed with ELAS the capital sum required at retirement to produce the pension my wife required to live on. During this period we did without overseas holidays and many other capital items for the home so as to maintain the annual amount entering the fund.

My Policy No. 1 With-Profits pension policy was in September 2002 paying about one-third percent of the total annuity as FINAL BONUS. In September 2005 the final bonus was dropped altogether and the total annuity payable dropped by approx. **£500 per annum**

My Policy No. 2 With-profits pension policy in September 2002 the final bonus payable was 25% of the total gross annuity. By September 2004 the final bonus was discontinued so the annual pension dropped by some **£4000 per annum**.

My total loss 2004 - 2008 is approximately £19,000 when you take into account that in the year 2003 the final bonus was greatly reduced on both policies.

Many of the dreams we had have no longer been affordable and my wife and I wanted to take ocean cruises to ports where I visited in the navy in WW11. Many important changes like changing my car was no longer possible and with such a huge reduction in the overall annual pension many of our retirement hopes were dashed. I have and still am subject to anxiety and fearful we shall not be able to pay bills with increased living costs in our retirement with such an enormous reduction in our ELAS pension. We find it such a worry with living expenses all round escalating at present.

Our private pension with ELAS is the only one we have ever had and as they were such an old established company I trusted them completely. How wrong I was in hindsight.

My wife and I are both in our early 80's now and we feel bitter about the whole debacle particularly as the ELAS sales and financial advisers persuaded me to go into the with-profits policies and they stated they were sound and financially beneficial.

Yours truly,

Name removed