21 December 2017

Dear Permanent Secretary

In April 2013 the Public Accounts Committee reported on Administering the Equitable Life Payment Scheme. We concluded that HM Treasury had set an arbitrary deadline for the scheme’s closure, which could have deprived some policyholders of compensation.

That report found that HM Treasury and NS&I were wholly reliant on actuarial calculations by Towers Watson and some data underlying those calculations could have been incorrect.

We recommended that:

The Treasury should write to the Committee outlining what action it has taken to make sure the data used by Towers Watson are correct, and what it will do to make sure policyholders receive better and fuller explanations on how their payments have been calculated.

The Department’s most recent response on this, in March 2015, told us that HM Treasury had published a step-by-step explanation of their compensation calculations that aimed to address the concerns of EMAG, Equitable Members Action Group.

The Committee has received correspondence, including from other Members of the House, suggesting there remain several cases where HM Treasury is still not able to explain its calculations. I am therefore concerned that HM Treasury has not engaged with stakeholders, such as the Equitable Members Action Group, sufficiently, or satisfactorily carried through on the Committee’s 2013 recommendations.

I would be grateful if HM Treasury could provide me with a further update about work done on Equitable Life compensation calculations since March 2015. I also wish to know how Treasury is ensuring to sustain engagement with policyholders such as
those represented by the Action Group, and what assessment HM Treasury has made of those policyholders' reception of work on this issue.

I would be grateful to receive this information by 22 January 2018.

Yours sincerely,

MEG HILLIER MP
CHAIR OF THE COMMITTEE OF PUBLIC ACCOUNTS