

## **PRESS RELEASE**

### **Equitable Life Assurance Society Update for Guernsey Branch Policyholders as at February 2005**

1. The Commission continues to monitor developments in connection with the Equitable Life Assurance Society (the “Equitable”) and continues to meet with the FSA to discuss issues and any developments which may affect the interests of policyholders of Equitable’s Guernsey branch.
2. We set out below a summary of certain recent developments which we consider are of significance to Guernsey policyholders.

#### **The Further Investigation by the Parliamentary Ombudsman (the “PO”)**

##### *Recent Developments*

3. On 24 November 2004, the PO issued a letter to MPs providing a progress report regarding her further investigation.
4. In summary, she stated that she had appointed Iain Ogilvie to conduct the investigation and that her team had met with various groups to discuss the scope of the complaints and the procedure for the review. The PO confirmed that the Government Actuaries Department has now been brought within her jurisdiction and that in consequence her investigation will include consideration of the conduct of that department.
5. The PO has indicated that she hopes that the investigation will be completed during the course of 2005, although she has not confirmed any specific completion date.

##### *Jurisdiction in relation to Guernsey policyholders*

6. The Commission and its lawyers have for some time been in communication with the PO to seek confirmation that Guernsey policyholders would benefit from any redress ordered by the PO.
7. The matter is actively under review by the PO and as part of that process, Mr Ogilvie invited the Commission to make a submission to him on this issue.
8. The Commission’s position is that holders of Guernsey branch policies do come within the PO’s jurisdiction and a full submission to that effect has been prepared by the Commission’s lawyers and submitted to the PO. The matter is currently under review by the PO and the Commission is awaiting their response.

## **The Financial Ombudsman Service (the “FOS”)**

9. On 15 November 2004, the Equitable wrote to the FOS suggesting that the FOS should either decline to consider ‘over-bonusing’ complaints (as identified by Lord Penrose in his report dated 8 March 2004) or, at least, should defer consideration of such complaints until after the PO’s investigation has been concluded.
10. In response to this letter, the FOS issued a statement that it would treat the question as a preliminary issue and requested comments from complainants by 31 December 2004.
11. Having considered the Equitable’s letter to the FOS and the submissions of various other parties, including complainants who are Guernsey branch policyholders, the Commission instructed its lawyers to make a submission to the FOS in relation to the preliminary issue.
12. The Commission’s submission was provided to the FOS who have confirmed that it will be included in those to be considered before the Financial Ombudsman reaches his decision.
13. In summary, the Commission expressed concern that policyholders should not be denied access to the FOS save for the most extenuating reasons and suggested that it could see no obvious reason why it would be inappropriate for the FOS to consider the merits of ‘over-bonusing’ complaints and similar “Penrose-related” issues.
14. The Commission nevertheless recognised that there was a potential for overlap with the work that will be carried out by the PO. The Commission has recommended that the FOS should seek to clarify the extent of any such overlap before taking any decision as to whether or not it should defer its consideration of ‘over-bonusing’ complaints pending the outcome of the PO’s investigation.
15. The Financial Ombudsman is now considering the various submissions which have been made and the Commission awaits his decision.

Peter Neville  
Director General

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