



HM Treasury

Equitable Life Payment Scheme:

administration of scheme closure

July 2015



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ISBN 978-1-910835-40-1
PU1835

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1 Introduction

1.1 In the Equitable Life Payment Scheme Design published in May 2011, the government committed to provide policyholders with details of arrangements for the scheme's closure.

1.2 This document supplements the Equitable Life Payment Scheme Design and sets out the how the scheme's closure will be administered. It forms part of the scheme design documentation, which should be read alongside this policy. Where there are differences between the policies, this policy overrides the Equitable Life Payment Scheme Design.

1.3 The scheme was designed to operate for a fixed 3 years and issue high volumes of payments over that period. The scheme has issued over 92% of the payments due to all policyholders. The scheme is now undertaking final tracing activity through the Department for Work and Pensions (DWP) tracing service for around 35,000 policyholders for whom sufficient information is held to use this service. Very few unprompted claims are now received by the Scheme.

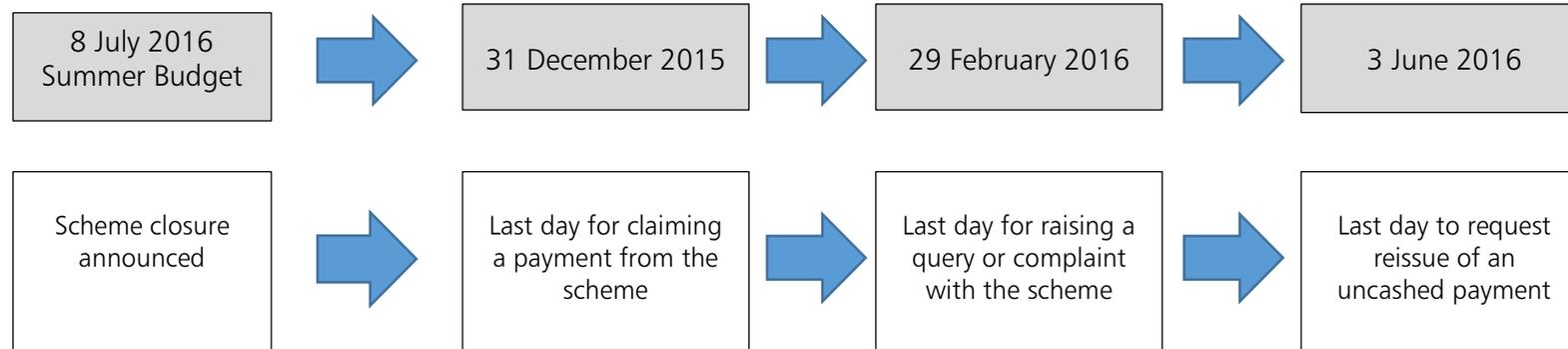
1.4 The small numbers of new payment claims and the very low numbers of complaints and appeals that the scheme is currently experiencing will inevitably decline further as the pool of unpaid policyholders who come forward to claim their payment reduces.

1.5 Having issued all the payments it can, it would not represent good value for money for the scheme to remain open. The government has therefore decided that it is the right time for the scheme to close.

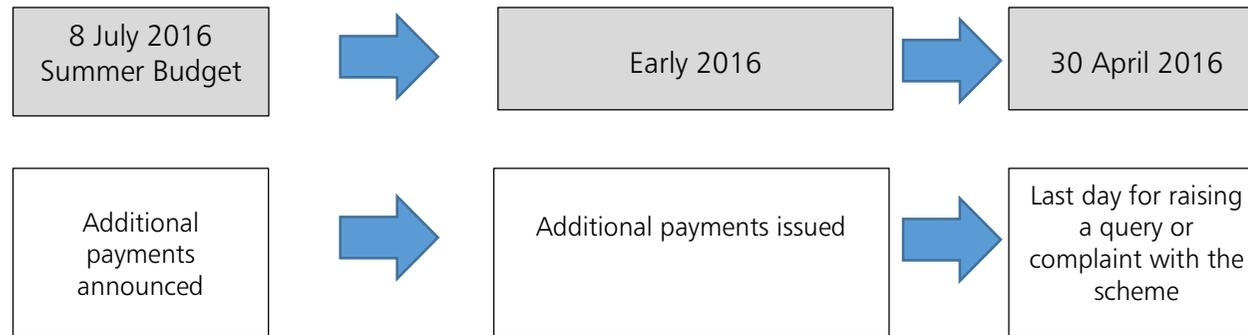
1.6 The aim in the scheme's closure period is to deliver a prompt and efficient service to policyholders in a proportionate and cost-efficient way to take account of the reducing numbers of policyholders who can be found and paid.

1.7 In order to set a proportionate and cost-effective timetable for the closure of the scheme, a number of time limits have been put in place so that the administrative costs can be managed. These time limits have taken into account the scheme's experience of administering policyholders' payments to date and provide sufficient time for policyholders to conclude their applications and raise any issues with the scheme, including any formal complaints.

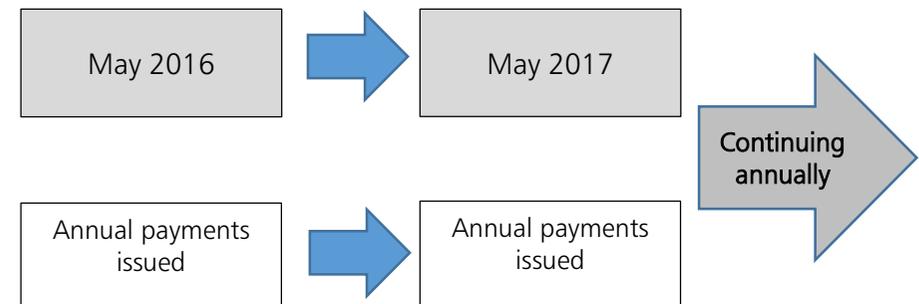
Key dates for Equitable Life Payment Scheme closure



Key dates for additional payments



Key dates for With-Profits Annuitants' annual payments



Scheme background and closure summary

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2.1 In October 2010, the coalition government announced that it would set up a payment scheme for Equitable Life With-Profits policyholders who were adversely affected by the maladministration in the regulation of Equitable Life.

2.2 The Equitable Life Payment Scheme (the “scheme”), originally planned to run for 3 years, was extended into 2015 so that as many policyholders as possible could be found and paid. Since issuing the first payments to policyholders in June 2011, the scheme, has issued over £1 billion to more than 900,000 policyholders.

2.3 The age and quality of the policyholder data received from Equitable Life has led to difficulties in finding a number of policyholders. In order to find as many eligible policyholders as possible the scheme has carried out advertising and electronic tracing using the electoral roll and other data sources, written to last known addresses, and is now in the final stages of working with the Department for Work and Pensions.

2.4 Having exhausted all reasonable tracing methods available, the scheme has reached the limit of unpaid policyholders that it can trace. The government has therefore decided that the scheme should close to new claims on 31 December 2015.

2.5 In order for the scheme to process the remaining payment claims as efficiently as possible, this document sets out what will happen in the period leading up to its closure.

2.6 There is no change to the process for unpaid policyholders to make their claim. However, to help smooth the administration of the closure process and provide responses to policyholders quickly, time limits for queries and complaints have been introduced and the time limit for appeals has been amended. This will ensure that outstanding matters are concluded promptly and that the scheme’s closedown is carried out cost effectively.

2.7 The annual payments made to With-Profit Annuitants will continue for the duration of their annuities and are not affected by the scheme’s closure to new claims. The closure period concerns the scheme ceasing to process new claims, and the related queries, complaints and appeals.

2.8 At the scheme’s close, it is estimated that around 130,000 policyholders will remain untraced. The government has considered how best to allocate the money that will remain undistributed because the policyholders who are due these payments will not be found. The decision has been taken to focus the undistributed funds on those in most need. The government has therefore decided to make an additional payment to double the amount paid to policyholders who have received 22.4% of their loss and who are receiving Pension Credit.

2.9 The administration of the additional payments is set out in Chapter 4 of this closedown policy.

Closure administration arrangements

3

Key dates

Payments

31 December 2015

Last day that new payment claims are accepted

Queries, complaints and appeals

The later of:

29 February 2016

or

1 calendar month from the date of the payment notification letter

Last day for queries and complaints

Reissue of uncashed payments

3 June 2016

Last day for request to reissue uncashed out-of-date warrants

WPA annual payments

3.1 Annual payments to With-Profit Annuitants will continue to be made for the duration of their annuities and are not affected by the Scheme's closure to new claims. The scheme closure period concerns the scheme ceasing to process new claims, and the related queries, complaints and appeals.

Claims for payment

3.2 In order to give any policyholders remaining unpaid an opportunity to come forward to claim their payment, the scheme will close to new payment claims on 31 December 2015. After this date, unpaid policyholders who have not previously contacted the scheme and provided details of their relevant policy number(s) will not be able to start a payment claim.

Payment process

3.3 There is no change to the process for making a claim for a payment from the scheme.

3.4 Policyholders who believe they may be due a payment should call the Scheme on 0300 0200 150 with their policy number details as most payments can be processed by telephone. For those cases where this is not possible, the Helpline staff will advise policyholders to write to the scheme and what the next steps are to make their claim.

3.5 These arrangements follow the Scheme's current processes. Full details about [telephone claims and claims by post](#), including the documents policyholders need to send to the scheme, are set out online in the Equitable Life Payment Scheme Detailed Guide on Gov.uk¹.

3.6 Where evidence of identity or change of address is required, policyholders must provide the relevant evidence with their written claim for payment or within 2 weeks of the scheme's letter requesting such evidence in order to ensure their claim is processed promptly.

Applying on behalf of a deceased policyholder

3.7 There is no change to the process for claiming a payment from the scheme on behalf of a deceased policyholder.

3.8 Representatives of estates should make their claim for payment within 1 calendar month of the date of the payment notification letter that was sent to the deceased policyholder. This is so that claims for payments can be processed before the scheme closes.

3.9 Information required for the deceased policyholder and their representative is set out in the Equitable Life Payment Scheme Detailed Guide online at Gov.uk.² Further details of the documents (e.g. copy of the death certificate) and information (e.g. who the warrant should be made payable to) that the scheme requires are available to help representatives provide all the right information in their first correspondence with the scheme. This will ensure that payments can be processed as quickly as possible.

3.10 Where evidence of identity or change of address is required, policyholders' representatives must provide the relevant evidence within 1 calendar month of the scheme's letter requesting such evidence in order to ensure the claim is processed promptly.

Queries, complaints and appeals³

3.11 The scheme will continue to respond to policyholders' queries and complaints during the closing period and after the closure to new claims.

3.12 The existing process for submitting a query or complaint in relation to a policyholder's payment will continue, but a time limit by which queries and complaints must be raised has been introduced. This is to enable the scheme to process all queries, complaints and appeals before it ceases operations associated with new claims. Queries and complaints raised out of time will not be considered.

3.13 Policyholders who wish to raise queries and complaints about their first⁴ payment must contact the scheme by 29 February 2016 or within 1 calendar month of the date of their first payment notification letter from the scheme, whichever is later.

3.14 Policyholders should write to the scheme with the details of their query or complaint as set out in the Equitable Life Payment Scheme Detailed Guide on Gov.uk.⁵

3.15 A streamlined complaints process is in place to respond to policyholders' queries and complaints about an additional payment (please see additional payments section).

¹ Details of the scheme's payment claims process are available online at <https://www.gov.uk/equitable-life-payment-scheme>

² Details of the scheme's payment claims process for estates are available online at <https://www.gov.uk/equitable-life-payment-scheme>

³ This section sets out how queries, complaints and appeals about the original payment made to a policyholder will be dealt with. A simplified complaint process for Policyholders who wish to raise a complaint in respect of an additional payment is set out in Chapter 4, Additional payments.

⁴ For With-Profits Annuitants, this means queries concerning their initial payment and the subsequent payments shown on their Payment Schedule. For Accumulating With-Profits and Conventional With-Profits policyholders (non-annuitants) this relates to queries concerning the original 22.4% relative loss payment

⁵ Details of how policyholders may make a complaint are available online at <https://www.gov.uk/equitable-life-payment-scheme>

Independent Review Panel

3.16 Policyholders whose complaints remain unresolved after completing the scheme's complaints process will continue to be able to request a review of their case from the Independent Review Panel (IRP).

3.17 The [existing process for requesting a review](#)⁶ will continue but the time limit for requesting a review from the IRP has changed. This is to enable the reviews to be carried out efficiently so that policyholders can receive a prompt decision on their case, where appropriate recalculations can be issued quickly, and to manage the timetable and therefore the administrative cost of closing the scheme.

3.18 From 31 August 2015 policyholders who have been sent a letter enclosing a "review request" form by the scheme will have 1 calendar month from the date of that letter to request a review from the IRP. This change from the previous 3-month time limit is needed to enable the IRP to complete all requests for review promptly and so that any recalculations resulting from their decision can be carried out and paid in good time before the closure of the scheme.

Uncashed payments

3.19 The scheme will continue to reissue uncashed out-of-date payment warrants where a policyholder applies by 3 June 2016. Uncashed warrants will not be reissued where applications are made after this date.

Scheme close

3.20 The scheme's administration will continue after it closes to new claims so that payments, complaints and appeals can be concluded. The scheme will then close. At the scheme's close all operations will cease except those associated with the annual payments made to With-Profits Annuitants.

3.21 After the scheme closes, any questions related to Accumulating With-Profits policies, Conventional With-Profits policies and additional payments should be made in writing to:

Equitable Life Payment Scheme,
HM Treasury,
1 Horse Guards Road,
London
SW1A 2HQ

⁶ Independent Review Panel Detailed Guide on Gov.uk at: <https://www.gov.uk/equitable-life-payment-scheme-independent-review-panel>

4 Additional payments

Summary

4.1 In parallel with the scheme's closure, the government has considered how best to allocate the money that will remain undistributed because a number of the policyholders who are due these payments will not be found.

4.2 The decision has been taken to focus the undistributed funds on those in most need. The government has decided to make an additional payment to double the amount paid to policyholders who have received 22.4% of their loss and who are receiving Pension Credit.

4.3 Eligible policyholders will be identified by DWP and payments will be made in early 2016. Policyholders do not need to apply to the scheme. Any policyholder who believes that they are eligible but who do not receive an additional payment should contact the scheme. Details of the evidence required and how to contact the scheme will be published on the scheme's website around the time that the payments are made in early 2016.

4.4 A streamlined complaints process will apply to deal with policyholders' complaints which specifically relate to additional payments. This is to ensure that policyholders' complaints are quickly resolved and so that the scheme can close efficiently.

Key dates

Payments

Early 2016

Additional payments issued

Queries, complaints and appeals

30 April 2016

Last day for queries and complaints related to an additional payment

Eligibility for an additional payment

4.5 An additional payment will be issued to non-With-Profits Annuitant policyholders who:

- a) are alive on 31 December 2015;
 - b) have received a 22.4% payment of their Relative Loss;
- and
- c) as at 31 December 2015 are on record with the Department for Work and Pensions as being in receipt of Pension Credit.

4.6 After the scheme has closed to new claims, in early 2016 the scheme will provide DWP with information about non-With-Profits Annuitant policyholders to identify those who were on record as receiving Pension Credit on 31 December 2015. This is to ensure that all non-annuitant policyholders who meet the criteria above receive an additional payment.

4.7 Policyholders who qualify for the additional payment will receive a warrant for a further 22.4% of their Relative Loss, in other words, for the same amount as their initial payment. No interest will be paid in respect of these additional payments.

4.8 The scheme will issue an additional payment to the same name and address as the first payment that was sent to the policyholder. Policyholders who have changed their name or address since the date of their first payment should notify the scheme of these changes,¹ following the normal [process which is set out on Gov.uk](#).

4.9 Confirmation as to when the warrant for the additional payment has been sent will be published online at [Gov.uk](#).²

Deceased policyholders

4.10 Additional payments to estates of policyholders who pass away before 31 December 2015 will not be made. However, where a policyholder is eligible on 31 December 2015 but subsequently passes away before the payment is issued, the payment may be claimed by the policyholder's estate.

4.11 The representative of the policyholder's estate will be able to use the normal process³ for making a claiming a payment from the scheme on behalf of a deceased policyholder.

4.12 Representatives of estates should make their claim for the additional payment within 1 calendar month of the issue of the additional payment to the deceased policyholder. This is so that claims for payments can be processed before the scheme closes.

Queries, complaints and appeals

4.13 As the additional payment is a duplicate of the first payment of 22.4% of a policyholder's relative loss, the scope for queries, complaints and appeals is narrower than for the first payment issued by the scheme. For this reason, a streamlined process has been introduced, which is proportionate to the matters that may be raised in connection with an additional payment.

4.14 The person receiving the additional payment (the payee) and the payment amount are the same as the person paid and the amount of first payment of 22.4% issued by the scheme. It therefore follows that policyholders should raise queries relating to the detail of their payment in connection with their first payment of 22.4% from the scheme.

4.15 Policyholders' queries, complaints and appeals will be processed by the scheme in order to resolve these matters promptly for policyholders, and enable the scheme to close efficiently. The Independent Review Panel will not therefore consider complaints in relation to additional payments.

4.16 Policyholders should write to the scheme with details of their query or complaint about the additional payment, including where a policyholder has not received an additional payment that they believe they are due, with evidence that supports their case by 30 April 2016.

4.17 Where additional information is required to resolve the query, complaint or appeal, policyholders must provide the scheme with any evidence requested no later than 1 calendar month after the information is requested in order for the scheme to conclude its investigation and/or process their payment before it closes.

4.18 The scheme will respond to the policyholder to resolve their query or give a decision on their complaint. Should the outcome of a policyholder's case result in a change to an additional payment, the scheme will arrange to issue or amend the policyholder's additional payment.

¹ Details of verification for changes of address are available at: <https://www.gov.uk/equitable-life-payment-scheme>

² <https://www.gov.uk/government/collections/equitable-life-payment-scheme-documents#equitable-life-payment-scheme-background-documents>

³ Details of the scheme's payment claims process for estates are available online at <https://www.gov.uk/equitable-life-payment-scheme>

HM Treasury contacts

This document can be downloaded from
www.gov.uk

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