



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Ann Abraham  
Parliamentary and Health Service Ombudsman  
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22 July 2009

*David Am*

You may be aware that an urgent question on Equitable Life was taken in the House of Commons yesterday. In the course of the debate I referred to remarks you made when appearing before the Public Administration Select Committee (PASC) on 29 January. As a matter of courtesy, and to avoid any doubt, I wanted to write to you to clarify the context in which I made my comments.

2. The particular issue centred on the Government's decision not to accept some of your findings or your central recommendation with regard to compensation, and its decision to establish an ex gratia payments scheme. You will recall that, when asked by the Chairman of the PASC whether from your point a view a "happier" position would have been if the Government had accepted your findings, but (for public purse reasons) done nothing with regard to any payments scheme, you replied in the affirmative.

3. It is, I think, common ground that one option open to the Government's consideration was take a decision on public policy grounds not to make any payments. The Government did not do so. Though the Government rejected your compensation recommendation, it has, at its own discretion, gone beyond the "do-nothing" option to announce an ex gratia payments scheme for cases of disproportionate impact. In making this point, I would like to correct any erroneous impression that might have been given in relation to



your comment in front of the PASC, to the effect that you had concluded the Government should have done nothing. Clearly, your remarks were made in the context of a specific question at the PASC about the approach the Government has taken, and had no bearing on your own compensation recommendation.

4. I hope this helps avoid any potential misunderstanding.

A handwritten signature in blue ink, appearing to read 'Liam Byrne'.

**LIAM BYRNE**