

Financial Services Authority

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Website: www.fsa.gov.uk/Pages/about/complaints/index.shtml



Private & Confidential
Mr Graham Senior-Milne
39 Castle Street
Norham
Northumberland
TD15 2LQ

Date: 20 March 2008
Our Ref: 32316

Dear Mr Senior-Milne

Your complaint against the FSA

Since we wrote to you on 21 February 2008, we have investigated the matters raised in your correspondence in line with the FSA Complaints Scheme.

Allegation

In our letter of 24 December 2007, we explained the FSA Complaints Scheme and outlined our understanding of your complaint in relation to our rules (as set out in the 'Complaints against the FSA' section of the FSA Handbook – COAF). We understood your complaint as:

You allege that the FSA has failed to properly investigate or reach a decision with respect to the prosecution of an offence committed by the directors of Scottish Widows under section 71 Insurance Companies Act 1982.

We classified this as an allegation of a "lack of care" on behalf of the FSA.

Decision

Our letter explains, below, that there is no evidence to substantiate the claims made and we have not upheld your complaint.

Background to your complaint (with reference to your www.happywarrior.org website)

The background to your complaint (above) involves a dispute that you have regarding the Scottish Widows demutualisation of 2000. You note that the purchase price of Scottish Widows was £6 billion of which £4.5 billion was paid to Scottish Widows policyholders – the £1.5 billion being held back and retained as an "Additional Account". You do not understand why this Additional Account was held back. You state that you were informed that this Additional Fund would not be paid to ordinary policyholders, but would be used to uplift the benefits to GAR policyholders. You make a number of allegations against Scottish Widows/Lloyds TSB, and their directors, with regards to this matter, the thrust of which was that the disclosure to policyholders at the time of demutualisation was inadequate.

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You raised this matter with Scottish Widows/Lloyds TSB itself, but were not convinced that this matter would be reviewed sufficiently. You referred information regarding this matter to other bodies including the FSA, your MP and the Police.

You have raised this matter with the FSA on a number of occasions; however, the FSA's response has been that the demutualisation documentation generally made clear that there was a potential contingency in the Additional Account for GAR liabilities in respect of the Equitable case, which was pending at the time.

Investigation

We contacted the FSA's Supervision Team responsible for Lloyds TSB/Scottish Widows for views on the specifics of your complaint, as well as some general background to your dispute with Lloyds TSB/Scottish Widows.

We reviewed various filenotes in relation to the background of your dispute with Lloyds TSB/Scottish Widows, as well as more specific filenotes and communications pertaining to the subject matter of this current complaint against the FSA.

We also referred to your own website:

www.happywarrior.org

We wrote to you on 24 December 2007 requesting any further information you had that may substantiate your complaint – you did not contact us with any further information (other than the initial referral to your website (above)).

Findings and conclusions

Firstly, I must inform you, though I am sure that you are already aware, that the FSA's relationship with the firm(s) in question is confidential and we are, therefore, not able to disclose to you the outcome of any discussions that the FSA may have with an authorised firm. This is due in part to the Financial Services and Markets Act 2000, which imposes confidentiality requirements on the FSA. This restricts somewhat the information we can provide to you in response to your complaint.

I turn back to the specific wording of your complaint in that you state the FSA has failed to properly investigate or reach a decision in respect of the matters you state were referred to the FSA by the Lothian and Borders Police.

We have reviewed the relevant correspondence and internal documentation, as well as your website, and in relation to your dispute with Lloyds TSB/Scottish Widows. We feel that your dispute, and information on the authorised firm(s), had previously been fully considered and you have been informed that the FSA reached the view that the demutualisation documentation generally made clear that there was a potential contingency on the Additional Account for GAR liabilities in respect of the Equitable case. Therefore, we do not feel that there is any evidence to substantiate your the allegations that the FSA demonstrated a lack of care in failing to properly investigate or reach a decision in respect of the issues you state were referred to the FSA by the Lothian and Borders Police.

If you are dissatisfied with the outcome of this investigation you may refer your complaint to the Complaints Commissioner who may decide to carry out his own investigation. A referral to the Complaints Commissioner should usually be made within three months of the date of this letter, although a referral outside the three months' time limit may, where there are adequate reasons for the delay, still be considered by the Complaints Commissioner.

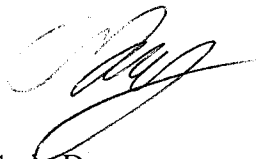
To contact him please write to:

Office of the Complaints Commissioner
8th Floor, City Tower
40 Basinghall Street
London
EC2V 5DE

Telephone: 020 7562 5530

E-mail: ComplaintsCommissioner@fsc.gov.uk

Yours sincerely



Craig Drury
Complaints Handler
Company Secretariat