

Your Which?

We're lukewarm on Norwich Union deal

Which? chief executive Peter Vicary-Smith on your share of inherited estate funds

After almost two years of negotiation, Norwich Union has unveiled its offer to buy out its with-profits policyholders' rights to the company's inherited estate. It follows tough negotiations with the policyholders' advocate Claire Spottiswoode and significant pressure from us.

The deal offers one million policyholders average cash payments of £1,000, totalling £1bn, or just under 50% of the remaining £2.1bn inherited estate.

Which? has campaigned against the 'with-profits rip-off' for more than 10 years. The offer certainly represents an improvement on the Axa deal in 2000, where policyholders received just 31% of the value of its inherited estate.



But we believe that policyholders deserved better from their regulator. A weak regulatory framework overseen by the Financial Services Authority (FSA) has enabled companies to hold back money from their estates for uses such as paying shareholder tax bills, subsidising new businesses, funding mis-selling costs and covering staff pension scheme deficits. This has impacted on the amount of money available to

policyholders. So, while Claire Spottiswoode has struck the best deal in the circumstances – and most policyholders may see the offer as better than the alternative – policyholders have been let down by poor regulation.

Which? strongly supported the recent report of the influential Treasury Select Committee after its inquiry into this issue. The Committee was highly critical of the FSA's approach and recommended several changes that could protect policyholders' interests.

These changes need to be made. Policyholders deserve a tighter regulatory framework, and companies need clear principles to ensure that their inherited estates are used in the best interests of policyholders. Which? will continue to fight to ensure that policyholders really do receive a fair deal in future.

Which? people



Martyn Hocking
money editor

Martyn Hocking has to oversee a huge amount of content as our money editor – a role that includes editing *Which? Money* as well as *Which?* and *Which? Online* reports.

In a typical month, he's responsible for more than 30 magazine pages and, at any one time, there are almost 100 money reports online, covering more than 2,000 financial products.

He says: 'This means I need to know something about every subject we cover – but I have fantastic support from the money research team as well as our policy and campaigns teams.

'Their input also helps me prepare for media work, so I can face those tough questions. But I must also ensure that we explain our research in accessible ways. For example, to highlight the low rates of interest that the major banks pay on current accounts, we recently gave out piggy banks on the high street (pictured), each containing 40p – the typical interest you'd get on £500 over a year.'

Martyn also appreciates Which? for its quality: 'The test for any page landing on my desk is whether it really helps the reader make a better financial choice.

'Our reports are prepared by teams of specialist researchers, rather than individual journalists. This, and the fact that there are no advertisers or shareholders to keep happy, means that you get information you simply can't find elsewhere.'

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