Simply the best

JEFF Prestridge, Financial Mail's personal finance editor, has been named consumer tabloid journalist of the year by the British Insurance and Investment Brokers Association.

Edmund Tirbutt, a regular Financial Mail writer, was highly commended.

BIIBA chief executive Mike Williams said: 'The winning articles were enlightening, factual, balanced and unbiased.'

Prestridge was praised for his investigation into unnecessary mortgage indemnity premiums and his successful campaign to persuade the government not to penalise existing Pep investors when individual savings accounts are introduced next year.

With Prestridge's award, Financial Mail writers continued the winning streak begun in 1996 when deputy personal finance editor Neil Simpson collected the BIIBA consumer tabloid award for his articles on personal pensions and mortgages.

The award stayed with Financial Mail in 1997 and remains here today — proving there is no better place for concise and effective personal finance advice.

Stars Prestridge and Tirbutt

Pru's fund-raiding scheme faces ban

By RUTH SUNDERLAND

THE government will clamp down on insurance companies trying to force ordinary customers to foot compensation bills for pension mis-selling.

The Treasury insists that shareholders of companies that mis-sold with-profits policies should bear most of the compensation burden.

The Prudential, Britain's biggest insurer, is number one in the firing line after it hatched a plan to raid its with-profits fund, on which policyholders rely for pensions and endowments. The scheme was criticised by Financial Mail, MPs and ministers.

Treasury officials have already forced insurers London & Manchester and United Assurance to cap the amount of compensation they charge to policyholders.

The Treasury is using its muscle in talks with the Pru over releasing an estimated £4 billion treasure chest known as the orphan estate, which is locked up in its with-profits fund. The estate consists of assets beyond sums needed to meet policyholders' expectations.

Sir Peter Davis, the Pru's chief executive, has been haggling for more than two years to win permission to divide it between shareholders and policyholders.

But experts believe that the Treasury will insist that most of the cost of pensions compensation must be met by Pru shareholders out of their slice of the orphan estate before it will consent to freeing the cash.

Shareholders had been expecting a bumper payout of around £1.6 billion. Taking out pension compensation will cut their windfall dramatically and possibly erase it. Pru's share price would almost certainly suffer.

A Treasury spokeswoman said: 'Shareholders would have benefited from pension sales, so when it comes to compensation they should pay. Policyholders should be affected as little as possible.'

The Pru declined to comment.

Peter Davis wants to let shareholders off the hook

Provisions

French giant Axa Sun Life, which owns Equity & Law in the UK, is also in talks over freeing E&L's £1 billion orphan estate and is likely to face similar Treasury pressure.

Lloyds TSB, which last week announced it would have to increase its provisions for pension compensation from the current £300 million, is charging the whole amount to shareholders because most of the policies sold were unit-linked, not with-profits.

Other bank assurers follow the same policy.

In the case of mutual insurers, where there are no shareholders, customers have to pay because they effectively own the business.

The Pru faces more bad news this week as analysts expect its latest business figures to show an underlying fall of 10%.

Broker Credit Lyonnais Laing reckons Pru shares are around 25% overvalued and has marked them as a 'sell'.

Shell card in legal row

By RACHEL OLDROYD

A COURT battle over a loyalty card scheme could cost oil giant Shell millions of pounds.

Consultant John Donovan, owner of promotional agency Don Marketing, claims the scheme is his brainchild.

Donovan says Shell's SMART loyalty scheme originates from a concept presented to the company in 1989 by his small agency, which is based in Bury St Edmunds, Suffolk.

He claims to have developed the idea of a multi-brand loyalty scheme using a smartcard, and to have approached supermarkets Tesco and J. Sainsbury on Shell's behalf.

After five years the concept was turned down. However, Shell launched a loyalty scheme in 1996 which Donovan claims resembles his own. It uses a smartcard and is run in association with nine other companies.

Donovan is seeking compensation through the High Court and expects to receive 'a multi-million pound settlement'. The action may delay the national introduction of the card scheme.

Shell said: 'The claim has been most carefully investigated. Shell UK is satisfied it is entirely without substance. We intend to defend his claims vigorously in court.'

Rovers' home defeat by Asda

FRUSTRATED fans of relegated Doncaster Rovers football club face a new blow. Their ground is likely to become an Asda superstore extension.

The club, founded in 1879, faces extinction. Money is so tight that players have been told to turn up only on match days.

The area around its Belle Vue ground is being developed as Doncaster Lakeside leisure and shopping complex.

Property giant MEPC has a factory outlet shopping centre nearby. Asda is keen to expand com has a 1,000-staff call centre there.

A planning application for houses is also expected to be lodged soon. But the terms of Rovers' lease on Belle Vue, which has 60 years to run, means the club must move before work can begin.

Ken Richardson controls the club through offshore companies.

Asda confirmed it had lodged an application with Doncaster council to redevelop the site.

It said: 'We would like to extend and the council is keen to develop part of the site, too.

'It is now in talks

Rail fat cats

From Page 1

MTL, the owner of Liverpool's main train operator, Merseyrail Electrics.

A deal would net 2,500 MTL staff £20,000 each from £500 stakes, despite declining services on Merseyrail and its other franchise, Regional Railways North East.

Among beneficiaries of the deal would be controversial former left-wing councillor Dominic Brady, who gave up working with militant Derek Hatton to take up a directorship with MTL.

Dowd added that the PTAs served by RRNE — Greater Manchester, South Yorkshire, West Yorkshire and Tyne and Wear — would add their voices to his campaign against an MTL buyout.