

OFFICE OF THE OMBUDSMAN

*Special Report to Parliament
made under section 18(3) of the
Complaints (Maladministration) Act
(2018 Revision)*

Special report to Parliament made under the Complaints (Maladministration) Act (2018 Revision)

OMB file: 202500052

Parties

Complainants: name redacted

Authority: Department of Financial Assistance

Report prepared by the Office of the Ombudsman

Date: 31 March 2026

Published under the authority of section 18(3) of the Complaints (Maladministration) Act (2018 Revision)

Office of the Ombudsman
PO Box 2252
64 Shedden Road
George Town, Grand Cayman
KY1-1107
Telephone: +1 345 946 6283

The Ombudsman is an impartial and independent office of Parliament that acts as the Cayman Islands' guardian of fairness, transparency and accountability.

Table of Contents

Summary of Complaint.....	5
Issues for Investigation.....	7
Complaints Process	8
Investigation Summary.....	9
Issue Analysis and Ombudsman’s Findings.....	13
Conclusion and Recommendations.....	15
Monitoring of Recommendation Implementation	17

Summary of Complaint

The complainant, an elderly retired seaman, complained to the Office of the Ombudsman (OMB) regarding his Ex-Gratia Seafarer's benefit payments of CI\$1,250 per month which had been terminated because he was no longer resident in the Cayman Islands.

The policy of the Department of Financial Assistance (DFA) includes the following criterion for the seamen's Ex-Gratia payments: "**Resident:** *For the purpose of this criterion, a resident is a person who maintains residency in the Cayman Islands for a period of not less than eight (8) months per year.*"

The complainant stated he sailed with a national bulk carrier for 20 years. He stated he moved to a foreign country "a few years ago" because he couldn't afford to live in Cayman on the relatively small amount of the Ex-Gratia payments he was receiving. His complaint related to the sudden cancellation of the payments which would normally be deposited into his Cayman bank account. After he moved, a relative would travel to Cayman and collect the funds on his behalf.

The Office of the Ombudsman (OMB) obtained the complainant's verbal consent to consult the DFA regarding the benefits termination letter he received. The OMB also obtained the DFA's written policy on Ex-Gratia Seaman's Benefits. The DFA confirmed that this process is not governed by the Financial Assistance Act and that no appeal mechanism exists following its initial decision. The complainant was therefore advised to contact the OMB.

After discussions with the OMB, the complainant submitted a signed complaint. The OMB determined that the matter fell within its jurisdiction and proceeded to pursue an informal resolution. Failing that, the OMB would initiate a formal investigation.

During the informal resolution process, the DFA agreed to—and did—provide the complainant additional information regarding the Ex-Seafarer's benefits programme. The complainant remained dissatisfied, noting that the explanation did not materially differ from what he had previously received.

In reviewing the complaint, the OMB considered section 11(5) of the Complaints (Maladministration) Act (the Act) and concluded that the complaint was made in good faith, was neither trivial, vexatious nor frivolous, and that the complainant had sufficient interest in the matter. Accordingly, the OMB had no legal basis to refuse a formal investigation.

Section 10 (3) of the Act authorizes the Ombudsman to investigate “any course of conduct or anything done or omitted... in the exercise of administrative functions respecting any business of the government,” unless excluded by the Schedule. The issues raised in this the OMB’s statutory mandate.

Two main issues framed the investigation -the first issue resulted in recommendations to the Ministry of Social Development (the Ministry) due to risks created by the lack of legislation. The second issue resulted in a finding of no maladministration and the complaint was not upheld. The two issues are addressed more fully in this report.

Issues for Investigation

Issue 1 – What are the current CIG laws, regulations and policies concerning the issuance of the Ex-Gratia Seafarers benefit payments?

Summary of Findings: I am concerned that there may be more cases arising in the future, similar to this complainant's, where the delay by government in defining Ex-Gratia Seafarers benefits under legislation will lead to retired seafarers believing they have earned a pension, who in reality, have not. Further, there are concerns about a programme which was allocated more than \$14 million during 2024, according to Ministry figures, which is not governed under any legislation. I believe this poses a significant risk to government finances, as well as the financial welfare of retired seafarers who can effectively be cut off from this aid at any time. I have made the recommendations set out below to address this situation.

Issue 2 – Does the complainant have a legitimate expectation that his benefits would continue to be paid while he was no longer ordinarily resident in Cayman?

Summary of Findings: I have not found maladministration in this instance. The complainant has no reasonable expectation under current DFA policy that his Ex-Gratia benefits would continue to be paid while he is no longer resident in Cayman.

Complaints Process

The OMB identifies issues for investigation at the outset of every formal investigation conducted under the Complaints (Maladministration) Act (2018 Revision). An investigation plan is developed concerning the specific issues and questions to be addressed which are then outlined in an opening letter to the Chief Officer of the government ministry named in the complaint.

In this specific complaint, the opening letter was sent to the Chief Officer of the Ministry on 21 March 2025. In the opening letter, the Chief Officer is asked by the Ombudsman to designate an investigation liaison to assist in formally responding to the Ombudsman's queries. At the conclusion of the investigation, a closing letter will be issued to the Ministry and to the complainant. In this case, the closing letter was submitted on 15 May 2025.

Investigation Summary

The following laws, policies and other information were reviewed as part of this investigation:

- The (former) Poor Persons Relief Law
- The Financial Assistance Act (2022)
- The Public Service Pensions Act (2023 Revision)
- The Public Service Pensions (Ex-Gratia Pensions) Regulations (2019 Revision & 2020 Revision)
- Seafarer’s Ex-Gratia Benefit Policy – Eligibility Criteria (Updated 2024)
- OAG Audit 2001
- OAG Performance Audit 2015, and subsequent follow ups
- Q&As with Ministry of Social Development

Responses from the Ministry of Social Development to OMB’s questions in this matter elicited the following (**OMB questions bolded**):

- 1. What other laws, regulations or policies currently apply to the payment of Ex-Gratia benefits for Caymanian Seamen? Please list those laws and relevant sections.**

“The Seafarer Ex-Gratia Benefit is governed solely by the Seafarer Ex-Gratia Benefit Policy, with the Department of Financial Assistance (DFA) administering the payments.”

- 2. Please provide any responses to the OAG’s 2015 recommendation and whether any further work in response is expected.**

By way of explanation, the Office of the Auditor General (OAG) had conducted a performance audit of Cayman Islands's poor relief mechanisms in 2015 and two follow ups in subsequent years. One of the recommendations contained in that report was as follows:

"Recommendation #6: The government should develop legislation that provides appropriate authority for programmes to pay benefits to seamen and ex-servicemen, and arrange for the subsequent development of policies, criteria and operational procedures consistent with the legislation."

The Ministry's response to OMB's question in bold above was as follows:

"...these benefits are classified as "earned benefit" that seafarers and veterans have accrued through years of contributions. Consequently, they are regarded as deferred compensation rather than direct assistance.

"While we do not yet have legislation in place, which would be for the elected arm of government to consider, the Policy is well-detailed and provides a robust framework for administering these benefits. (The policy document can be found here: <https://my.egov.ky/documents/d/dfa/seafarer-ex-gratia-benefit-policy> and it is also in the case file)

"In collaboration with the Ministry, amendments have been made to the Seafarer's Ex-Gratia Policy to enhance clarity and improve the experience for recipients and applicants. It is important to note that Ex-Gratia payments to seafarers and veterans are not classified as welfare, and as such, they are governed by the Policy, while the Financial Assistance Act and its Regulations pertain specifically to welfare services."

3. Please provide the estimated annual cost of the Seaman's Ex-Gratia payments and approximately how many persons are receiving the monthly payment.

"Each Seafarer Ex-Gratia recipient receives KYD \$1,500.00 monthly, with this increase taking effect in February 2025. Annually, each recipient will receive a total of KYD \$18,000.00.

"In 2024, a total of KYD \$14,166,224.00 was allocated for Seafarer Ex-Gratia Benefit payments, benefiting 957 recipients. On average, approximately 950 individuals receive the Seafarers Ex-Gratia Benefit each year." (OMB estimated the cost of providing the benefit in 2025, if the current number of recipients remains about the same would be in excess of CI \$17 million)

- 4. Please explain government’s reasoning, if any, on why the Seamen’s Ex-Gratia payments were not included in the Financial Assistance Act. If the programme was included, please reference any sections of the Act which apply to it.**

“The Seafarers Ex-Gratia Benefit is an earned benefit for their service to the Cayman Islands. It is not a category of financial assistance or welfare. Accordingly, it was not included in the Financial Assistance Act, 2022 and is not referenced within. The Seafarer Ex-Gratia Benefit Policy is the governing policy for the delivery of this benefit. This benefit has been delivered by the Department of Financial Assistance (formerly the Needs Assessment Unit) to streamline financial payments since 2021.”

- 5. How long has the complainant been receiving the Ex-Gratia payments?**

“Per the application on file, the complainant was approved for the Seafarer Ex-Gratia payment on (a date in) March 2006.”

- 6. When Seamen’s Ex-Gratia benefit recipients receive monthly funds, is it explained to them that these funds are voluntarily paid and not an obligation of the government, similar to a pension? How is this done?**

“The seafarer’s application form and Continuation Certificates clearly state that the seafarer must meet the eligibility criteria to continue receiving benefits. Additionally, the approval letter issued by DFA specifies that individuals are approved based on the Seafarer Ex-Gratia Benefits Eligibility Criteria and are subject to periodic reassessments to determine their ongoing eligibility. It also explicitly mentions the residence requirement and that a spouse who remarries would no longer qualify for the service (see example of approval letter attached).

“Although (the complainant)’s Ex-Gratia benefit was not approved by DFA, the signed application and Continuation Certificates on file confirm that seafarers must meet specific eligibility criteria—including residency requirements—to receive benefits. This ensures he was informed about the nature of the funds and the conditions under which they are granted. In addition, this was confirmed by the previous Ministry that had oversight of these funds.”

For the avoidance of doubt in this response, the requirement that seafarers receiving the Ex-Gratia benefit reside in the Cayman Islands is not a new one. There were publicly available documents, including an OAG report dated in 2001 and an Internal Audit Unit (now Service) report dated in 2013 which indicated this was a known requirement at those times.

Page 111 of the OAG's 2001 report (which focussed on a number of topics within the government service, including the Seafarer's Ex-Gratia benefits) indicated that the requirement to be "domiciled" in the Cayman Islands to qualify for the benefit was in place as early as March 2001, when the then-Executive Council approved eligibility criteria.

7. In the Ministry's view, would it have been reasonable for the complainant to have this expectation (that his benefit would continue)? Why or why not?

"Based on the current policy in place and the communication that appears to have been sent to (the complainant) regarding eligibility criteria, the Ministry is of the opinion that it is unreasonable for (the complainant) to expect his benefits to be paid while off island for an extended period of time."

8. Can the Ministry confirm whether the attached regulations (Pension Ex-Gratia Regulations) would apply in any way to the Seafarer's Ex-Gratia benefit? If it does not apply, can the Ministry state why?

*"These regulations do not govern the Seafarer's Ex-Gratia Benefit payments because these are regulations to the Public Service Pensions Act. That Act deals specifically with pension benefits that are accrued/earned while serving as a Civil Servant or a Public Servant (an individual who works for an SAGC). Feel free to point to section 2 of the Regulations which lists out eligibility criteria for ex-gratia pension and **does not** include seafaring or serving in the military (veterans). For completeness, "Other Public Service" as used in Section 2 is defined in the primary Act as service with an SAGC and does not refer to seafaring or military service. "*

Issue Analysis and Ombudsman's Findings

Findings - Issue #1 - What are the current laws, regulations and policies concerning the issuance of the Ex-Gratia Seafarer's benefit payments?

According to the Ministry, the only governing document for the Seafarers Ex-Gratia benefit payments is the current Department of Financial Assistance (DFA) policy. The payments are not governed by the Financial Assistance Act, 2022, nor by the former Poor Persons Relief Law. The Ministry explained that the Seafarers Ex-Gratia benefit payment is treated as an earned benefit for service to the Cayman Islands and is therefore not classified as financial assistance or welfare.

The benefit also does not fall under the Public Service Pensions Act (PSPA) or its associated regulations. This is evident because benefits governed by the PSPA fall under the oversight of the Public Service Pensions Board and its Managing Director whereas applications for Seafarers Ex-Gratia benefits are submitted to the DFA, under the existing policy. The Ministry provided additional reasoning as to why the Seafarers Ex-Gratia benefit payments do not fall under the PSPA, which is accepted.

This results in an unusual situation: the Seafarers Ex-Gratia benefit is considered an earned entitlement, yet no legislation requires that it be continued, as would be the case for a pension. Moreover, the policy allows the benefit to be discontinued for reasons more commonly associated with welfare assistance - such as relocating outside the jurisdiction or changes in the recipient's financial circumstances. However, the benefit is also not defined under the Financial Assistance Act.

The absence of applicable legislation for this Ex-Gratia benefit has been repeatedly raised with the Cayman Islands Government, particularly following the Office of the Auditor General's (OAG) 2015 performance audit on poor relief initiatives in the Islands. The Ministry correctly noted that the decision to enact legislation ultimately rests with the policymakers.

I am concerned that there may be more cases arising in the future, similar to that of the current complainant, where the delay by government in defining Ex-Gratia Seafarers benefits under legislation will lead to retired seafarers mistakenly believing they have earned a

pension when they have not. Further, there are real concerns regarding this programme which was allocated more than \$14 million during 2024, according to Ministry figures, which is not governed under any legislation. I believe this poses a significant risk to government finances, as well as the financial welfare of retired seafarers who can effectively be cut off from this aid at any time.

I have made recommendations on the following page to address this situation which are not dissimilar to recommendations made by the Auditor General dating back to 2015.

Findings – Issue #2 - Does the complainant have a legitimate expectation that his benefits would continue to be paid while he was no longer ordinarily resident in Cayman?

According to the Ministry, the complainant has been receiving the Seafarers Ex-Gratia payment since 2006 and was informed in writing that the benefit would no longer be paid in late 2024. It has been settled government policy since at least 2001, as far as OMB is able to determine, that seafarers receiving this benefit must reside in the Cayman Islands. Policy criteria for the payments changed over the years both in the administering entity and in scope, but the residency requirement has not changed and the complainant will have reasonably been expected to know this, having participated in the programme since that policy was adopted.

Further, it is stated in the policy documents that the Ex-Gratia payments are to be reviewed every three years and recipients' situational changes are to be taken into account. The complainant states that he has not lived in Cayman "for a few years" due to the high cost of living for which his Ex-Gratia Seafarers benefit does not adequately cover.

I have not found maladministration in this instance. The complainant has no reasonable expectation under current DFA policy that his Ex-Gratia benefits would continue to be paid while he is no longer resident in Cayman.

Conclusion and Recommendations

To summarize, the Seafarers Ex-Gratia payments are governed solely by the DFA policy, not by any legislation. Although considered an earned benefit for service to the country, the payments lack legal protection and can be discontinued under conditions similar to welfare, such as relocation or financial reassessment.

This ambiguous legal status – neither pension nor welfare – is of real concern. Despite being treated as an earned benefit, there is no legal obligation to continue payments, and over \$14 million was allocated to the programme in 2024 without legislative oversight. This poses financial risks to both the government and retired seafarers, who may mistakenly believe they are entitled to the payment as a pension.

With that said, I have not supported the complainant's view that he is entitled to continue receiving the Ex-Gratia Seafarers benefit whilst not residing in Cayman. However, given the situation described above with the absence of applicable legislation, and the potential for other seafarers to encounter the same financial difficulty, I make the following recommendations to the Ministry of Social Development:

Recommendations:

- 1. The benefit should be clearly defined, either as a pension-type earned benefit or as a form of social assistance, to avoid the current ambiguity;**
- 2. Dedicated legislation, based on how the benefit is defined, should be enacted to provide a clear legal framework for administering the benefit. This should include an appeals process;**
- 3. The benefit should be budgeted appropriately, tying the funding to the legislation, to ensure large allocations (e.g., over \$14 million in 2024) are subject to Parliamentary approval and;**
- 4. Promote the new legislation publicly for greater awareness of the benefit and conditions for retaining it.**

I appreciate that some of these recommendations can only be implemented with the approval of Cabinet and ultimately Parliament. However, it was expected that the Ministry would

undertake the necessary groundwork that would lead to the full implementation of the recommendations and keep the OMB apprised of progress.

Monitoring of Recommendation Implementation

A closing letter on this complaint detailing the Ombudsman's findings was emailed to the Chief Officer of the Ministry of Social Development on 15 May 2025.

Ombudsman Investigator Fuller received a written reply on 22 May 2025 from the Chief Officer that stated:

"Thank you for sharing the outcome of the investigation undertaken by your office with me. The recommendations are noted and will be reviewed and taken forward with the relevant Policymakers accordingly."

OMB followed up further with the Ministry and received the following reply on 04 August 2025:

"Further to yours below and my reply of May 21st, the Ministry has undertaken review of the recommendations provided and remains in discussion with our Minister and other relevant Policymakers to address the concerns raised."

"I was unaware of a further response deadline as I have not seen that in the correspondence which has been provided to me. Please do let me know if there is something further required in this regard."

The OMB indicated in a response that it expects a formal substantive reply from the relevant Ministry or Department within three months of a closing letter being issued, if no specific timeline is given. It is expected that a subsequent written response within a reasonable timeframe on the implementation of the recommendations should also be provided to the OMB.

There was no response to a further follow up email on 12 August 2025.

Given the nature of this complaint and the resulting recommendations, the OMB appreciates that the ability of a chief officer to carry out recommendations requiring legislative and/or policy changes is limited and may even be impossible. It is for this reason that the Ombudsman considered that the findings of the investigation and the recommendations should be placed before the Parliamentary Select Committee to oversee the performance of the Office of the

Ombudsman for tabling before the Parliament for its consideration. This special report is made in accordance with section 18(1) and (3) of the Complaints (Maladministration) Act (2018 Revision) which provides as follows:-

18. (1) After conducting an investigation, the Ombudsman shall inform the principal officer of the government entity concerned of the result of that investigation, and if the Ombudsman is of the opinion that the person aggrieved has sustained injustice in consequence of a fault in the administration of that government entity, he shall inform such officer of the reason for that opinion and may, if he thinks fit, make recommendations for action to be taken by the government entity, as the case may be, within a specified time.

(3) Where the Ombudsman has made a recommendation under subsection (1) and, within the time specified or a reasonable time thereafter, he is of the opinion that no adequate action has been taken to remedy the injustice, he shall lay before the Legislative Assembly a special report on the case.

This special report is hereby respectfully submitted.



Sharon Roulstone
Ombudsman