

## Important Announcement to members and potential members of the following pension scheme (“the Scheme”)

### London Quantum Retirement Benefit Scheme (also known as the London Quantum Occupational Pension Scheme)

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#### **Background**

We are writing to you as we believe that you may have joined the above named Scheme and transferred-in pension benefits from a previous arrangement or are in the process of considering (or have previously considered) such a transfer.

On 18 June 2015 the Pensions Regulator appointed Dalriada Trustees Limited (Dalriada) as independent trustee with exclusive powers to the Scheme. All trustee powers and rights are now held by Dalriada.

The Pensions Regulator is a statutory body which is responsible for the regulation of work-based pension schemes in the UK. Its aims include protecting the benefits of scheme members together with promoting good administration and understanding of occupational pension arrangements.

#### **Why have we been appointed as independent trustee to the Scheme?**

The Pensions Regulator has the power to appoint a trustee under section 7 of the Pensions Act 1995 where it is reasonable to do so:

- a) to secure that the trustees as a whole have, or exercise, the necessary knowledge and skill for the proper administration of the Scheme,
- b) to secure that the number of trustees is sufficient for the proper administration of the Scheme,
- c) to secure the proper use or application of the assets of the Scheme, or
- d) otherwise to protect the interests of the generality of the members of the Scheme.

Dalriada is a company that operates solely to provide trusteeship services to UK occupational pension schemes. We currently act as independent trustee to a number of schemes where we have been appointed by the Determinations Panel which is a separate committee from the Pensions Regulator (in that it has a separately appointed membership and legal support) following applications by the Pensions Regulator to the Determinations Panel requesting that the powers under section 7 be used. Dalriada have considerable knowledge and experience in all aspects of pension scheme management.

Our role as independent trustee is as follows:

- To administer the Scheme,
- To manage the Scheme assets and understand the nature of all assets held,
- To act in the best interests of all members and beneficiaries,

- To assist the Pensions Regulator with any enquiries in relation to the management of the Scheme.

It is not appropriate for Dalriada to comment in any detail in relation to the Determinations Panel's decision to appoint an independent trustee since this decision is subject to a compulsory review by the Determinations Panel.

However, there are concerns that the Scheme has been used as a vehicle for 'pension liberation'.

Pension liberation occurs where individuals are encouraged to transfer to schemes in the expectation of getting early access to their pension fund (before the minimum retirement age of 55), either by way of a loan or some other form of cash inducement, such as "commissions".

Such payments are in breach of the Regulations that govern occupational pension schemes and can expose members to potentially significant tax charges.

The Pensions Regulator has been running a campaign warning of the dangers of pension liberation. This has more recently been rebranded as "pension scams" since schemes offering cash from pensions are very often just scams -

[www.thepensionsregulator.gov.uk/pension-liberation-fraud.aspx](http://www.thepensionsregulator.gov.uk/pension-liberation-fraud.aspx)

Generally, schemes that are scams and/or are used for pension liberation have high charges and often invest whatever money is left after these charges in risky and unusual investments. This can result in members losing their entire pension fund.

Members are not usually told by those setting up the schemes about the risk of tax payments, the charges involved, or about the detail of the way in which funds are being invested.

#### **What action have we taken so far?**

We are working towards taking exclusive control of the existing trustee bank accounts. In addition, we understand that there may be other assets of the Scheme which are held elsewhere and we are currently making investigations in order to gain a full understanding of all assets of the Scheme, including where and how they are held.

We have received some member information in respect of the Scheme and are now in a position to contact members or potential members by way of this Announcement.

Dalriada is undertaking a detailed analysis of all the information it has obtained and will update members further once we are in a position to do so.

#### **What does this mean for you?**

Until further notice:

- No further contributions or transfers-in will be accepted into the Scheme.
- No payments will be made to, or in respect of, any members of the Scheme.

These steps are necessary to ensure that Dalriada is able to obtain all relevant information on the assets and liabilities of the Scheme, and clarify the basis on which the Scheme should be administered and managed, before any further financial transactions take place.

***If you are in the process of transferring to the Scheme we recommend that you contact your existing pension administrator or provider and inform them that transfers into the Scheme should not be made, and instruct them to take no further action in relation to your proposed transfer at this stage. You should note that it is possible that some transfers in course of payment may proceed and we will be unable to reverse the transaction if the money is credited to the Scheme's bank accounts.***

If you are expecting to receive a payment, this will **not** come from the Scheme and Dalriada will not be making any payments. You should be aware, also, that if you do receive a payment from any other source, linked to your pension transfer, you may be subject to material tax penalties if pension liberation fraud is established.

**It is imperative that Dalriada obtain as much information as it can.**

If the Scheme was used for pension liberation and/or was just a scam, Dalriada will take whatever action it can to recover funds. To do this, it would be very helpful if members could:

- provide copies of any information you were provided with about the Scheme (for example a booklet or any other explanatory literature)
- say if you were provided with any information about how your pension fund would be invested
- confirm whether you were offered any form of cash payment (possibly by way of a loan) in return for joining the Scheme
- if you were offered a cash payment, confirm if the possible tax consequences were explained
- confirm if you received a payment and, if so, how much it was for, who arranged it and where was it paid from.

### **What happens next?**

We are presently unable to provide further information in relation to any possible implications for Scheme members. Whilst Dalriada now has control of the Scheme to the extent that it is trustee with exclusive powers, it cannot comment on the security of members' benefits until it has identified the value, and secured control, of the Scheme's investments and established definitively whether pension liberation has occurred.

We will endeavour to provide you with a further update at the earliest opportunity.

Please be assured that we are devoting our full attention to this matter and will work closely and co-operatively with all relevant parties on your behalf and in the best interests of all members.

### **What should I do if I have any further questions?**

Should you have any queries in relation to this Announcement or your membership of the Scheme, please contact us. As above, please also supply copies of all correspondence or other communications which you may have received in relation to your membership of the Scheme.

You can contact us as follows:

By Telephone: 028 9041 2009

By Post: Dalriada Trustees Limited  
22 Great Victoria Street  
Belfast  
BT2 7BA

Via e-mail: [londonquantum@dalriadatrustees.co.uk](mailto:londonquantum@dalriadatrustees.co.uk)

We will be available to take calls between 10am and 1pm on Saturday 20th June and thereafter normal business hours Monday – Friday.

**Issued by Dalriada Trustees Limited**

**22 June 2015**