

Important Announcement to members of the following pension schemes (“the Schemes”)

Bovey Cranbrook Retirement Benefits Scheme

Cotswold Ash Retirement Benefits Scheme

Dunoon Glen Retirement Benefits Scheme

Lulworth Trent Retirement Benefits Scheme

Mendip Beech Retirement Benefits Scheme

Morton Glen Retirement Benefits Scheme

Pennine Elm Retirement Benefits Scheme

Powderhan Exe Retirement Benefits Scheme

Rait Fell Retirement Benefits Scheme

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This is our fourth Announcement and is being circulated to provide an update to members.

You may recall that Dalriada Trustees Limited (Dalriada) is a professional independent trustee who was appointed by Court Order to take over the running of the Schemes on 19 September 2013. Dalriada is experienced in dealing with pension schemes that have complex issues and / or have unusual investments.

As it is an independent trustee, Dalriada is not linked in any way with the original trustees of the Schemes. Dalriada effectively replaced the original trustees, Francine Becker and David Fellowes, and was given exclusive powers to deal with the Schemes. The original trustees have had no involvement in running the Schemes since our appointment.

Dalriada was appointed due to concerns that the Schemes were being used for pension liberation.

#### **What progress has been made in relation to the Scheme’s investments?**

Dalriada has been working to gain control of the investments made by the original trustee. You will be aware from our previous Announcements that we considered these investments very high risk and unusual compared to those usually made by conventional pension schemes.

£10,900,000 was invested in Quantum Life which is based and regulated in Liechtenstein. Dalriada has had extensive correspondence with Quantum Life and a number of meetings with its representatives. Quantum Life's position remains that the contract "wrapper" that it facilitated was and is valid and that the onus was on the then Trustees to ensure the investments were suitable.

Liechtenstein lawyers acting for Dalriada contacted the regulator in Liechtenstein, the Financial Market Authority, to bring to their attention what we believed were Quantum Life's potential breaches of its license conditions and of the Pension Fund Act and the Insurance Supervision Act in Liechtenstein. The Financial Market Authority has confirmed that having investigated the matter they will not be taking any action.

In relation to the underlying investments in the Quantum Life "wrapper", these were made to overseas investments in Mauritius and Australia. Having liaised with the investment providers it would appear that the underlying investments themselves have little or no value.

Clearly the nature of these investments was inappropriate and Dalriada is currently considering whether there are any avenues open for seeking compensation for the Scheme in one form or another. We will update you again once a decision has been taken.

### **Previous Trustees**

In our second Announcement we talked about the previous Trustees of the Schemes, Francine Becker and David Fellowes, commenting, not least, that they received close to £350,000 in fees and expenses, either directly or through Avalon Pension Trustee Ltd.

TPR sought to have both individuals prohibited from acting as trustees and both Becker and Fellowes were prohibited from acting as trustees by an Order dated 17 April 2014. The Regulator argued that neither had sufficient skill, understanding, or sufficient interest to manage the schemes and act in the interests of its members. It said Becker and Fellowes demonstrated a "*lack of integrity*" due to a series of "*persistent breaches of pension legislation*".

### **What is the current position with HMRC on tax?**

As previously advised, tax charges might potentially be levied where a scheme is suspected of being used as a vehicle for pension liberation. Payments made to members by way of pension liberation may be classed as "unauthorised payments" by HMRC. "Unauthorised payments" are subject to tax charges.

As before, however, it will take some time before the tax position for this Scheme can be established and Dalriada can determine what impact, if any, this might have.

**What is the latest position with regard to transfer values and member benefit calculations?**

Until we can establish the current value of the investment, how and **IF** we can move forward with our compensation enquires and until we are aware of how HMRC will deal with the possible tax issues, we are unable to calculate the value of members' benefits, including transfer values.

Dalriada understands members' frustrations with the length of time being taken to resolve the issues, but please be advised that we are doing all we can to get to a position of clarity as quickly as possible. As soon as we are at a point where we can calculate benefits, we will do so.

**Current position**

Please be assured that we continue to work closely and co-operatively with all relevant parties on your behalf and in the best interests of all members.

Dalriada has, as required by law, produced a Chairman's statement for each of the Schemes. These have been published on the members' website mentioned below.

Finally, please be advised that we have set up a page on our website - [www.dalriadatrustees.co.uk/becker-fellowes](http://www.dalriadatrustees.co.uk/becker-fellowes)

We have included Frequently Asked Questions (FAQs) on this page and will update the website when further information becomes available. We will also upload all Announcements to this page. In order to minimise costs it would be very helpful if you could, in the first instance, check the FAQs to see if your question is answered there.

Should you, however, have any specific personal queries in relation to this Announcement, your membership of the Schemes, or should you wish to provide us with further information, please contact us.

You can contact us as follows:

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