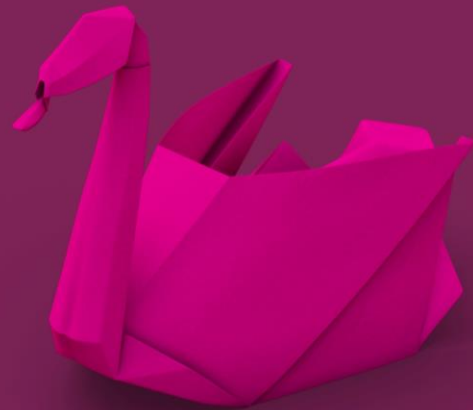

Capita Oak Pension Scheme ("the Scheme")



Dalriada. A better way

Important Announcement to Members of the Scheme

The purpose of this Announcement is to provide an update to members.

As you will be aware from previous Announcements, Dalriada Trustees Limited ("Dalriada") was appointed as trustee to the Scheme by The Pensions Regulator (TPR) on 12 January 2017. Dalriada was appointed amid concerns that the Scheme was not being properly managed and in order to protect the interests of the membership.

At the time of our appointment there were no liquid assets or cash in the Scheme. It is very unusual and inappropriate for trustees of a pension scheme to have no liquid assets.

It is likely that, absent the appointment of a trustee such as Dalriada, no steps would have been taken to recover funds. Notwithstanding that, we and our advisors have continued to work in the members' interests, and within the constraints imposed on us in terms of a lack of available funds.

Investments

As you will be aware, the Scheme had a single investment in storage pods with Store First Limited, an unregulated UK based entity. Dalriada does not consider the investment in Store First to have been appropriate.

An amount of £9,828,750 was paid over to Store First. This was in relation to the purchase of the leasehold of the storage pods only. The freehold of the storage pods was held by Store First.

You will recall that there had been concerns as to the ownership of the leasehold, and Store First's legal advisors were initially not prepared to accept that the Scheme had legal ownership of the storage pods.

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As per previous Announcements, the Secretary of State for Business, Energy, and Industrial Strategy presented a petition to wind up Store First Ltd and a number of associated entities, which was ultimately successful, and the commencement of the wind up began in April 2019.

Since the wind up neither the Official Receiver (acting as liquidator) nor Pay Store (the company managing the running of the pods since the wind up) have contested the transfer of ownership of the pods to Dalriada in its capacity as the new trustee. There were, however, deficiencies in the contractual documentation when the investment was entered into by the previous trustee.

All previous Announcements and background to the Scheme and its investment can be found on the Scheme's dedicated website.

<https://www.dalriadatrustees.co.uk/scheme/the-capita-oak-pension-scheme/>

Further Information on the Store First Investment

As above the Scheme investment into Store First was in relation to the purchasing of the leasehold of the Storage Pods, albeit there were some deficiencies in the contractual documentation. After the wind up of Store First, Dalriada was also advised that the freehold of the pods had been sold by the Official Receiver to a company called Store First Freeholds Ltd.

Dalriada was made aware by the Official Receiver that, also after the wind up of Store First, the Official Receiver was holding funds in respect of the rental income for the Scheme. However, please note that the amount was not significant in relation to the £9.8m paid over initially.

In parallel to the rental income, Dalriada has been in receipt of rates bills for each of the individual pods in most of the sites where funds were invested by the previous trustees. Dalriada, in its capacity as Trustee of the Scheme, has also been in receipt of Court summonses in respect of non-payment of some of the rates bills and was requested to attend Court. However, following requests from Dalriada, all court proceedings have been adjourned.

This brought into question the implications of formally accepting ownership of the pods and/or the rental income, and thereby being liable for the ongoing rates bills which might outweigh rental income (which is not guaranteed) over time. Dalriada initially accepted the rental income held by the Official Receiver into the Scheme but chose to leave the funds untouched until more of the issues were resolved satisfactorily. Dalriada therefore did not initially accept the funds as Scheme assets.

As was commented in our 4th Announcement, our objective was to deal with the pods as cost-effectively as possible and to try to deliver the best value from them. After engaging an Investment Adviser and receiving advice, Dalriada concluded that, given neither the Official Receiver nor Pay Store had contested the transfer of ownership of the leaseholds to Dalriada, the only reasonable option was to sell. The leaseholds of the pods have now been sold to Store First Self Storage Limited (correcting the issues with the contractual documentation as part of that process). In total, the Scheme has received funds of £458,675.00 of a total invested, as above, of £9,828,750.00.

It has always been the case that any sale value would represent only a fraction of the sums invested and, indeed, that is the case here. Our efforts to date, and the advice we have received, indicated that there was no resale market for these pods. We understand the Official Receiver did attempt to market the leaseholds on the pods as part of the liquidation of Store First but there was no meaningful interest shown by anyone in purchasing them.

Contrary to the suggestion of some individuals connected with the Scheme there was no better sale price, or any more generous proposal offered previously. The above sum was the only offer made in relation to the pods and therefore the best that could be achieved particularly in the context of the risk of growing rates bills and the further risk that those rates bills might exceed the rental income received if ownership of the pods was maintained.

Member Announcement

In addition to the proceeds of the sale, Dalriada also accepted the rental income (noted above) and has received further rental income due to the Scheme up to the date of sale into the Scheme's funds. However, please note that proceeding with the sale means that the Scheme is now liable for all historic rates bills. We have had final rate amounts from some of the councils but not from others. Dalriada will therefore continue to liaise with the various councils to obtain final rates valuations which will then need to be paid from Scheme funds. It should be noted that these sums are significant.

Fraud Compensation Fund (FCF)

As set out in our last Announcement, Dalriada participated in legal proceedings with the Pension Protection Fund ("PPF") to determine a number of issues around eligibility for suspected fraudulent schemes (like the Scheme) to make claims on the FCF

The judgment was handed down on 06 November 2020. Our Announcement (posted on the members' website) provides information about the case and what the judgment means for members.

The court action was a necessary first step to determine if the Scheme (and numerous others in a similar situation) was eligible to make claims on the FCF in the first instance. The subsequent judgment found that schemes (again like the Scheme) **are** able in principle to make a claim and we are now working with the PPF (who manage the FCF) with regard to the information they require to determine if the Scheme is eligible for compensation and, if so, how much that compensation will be.

The basis of a claim on the FCF is that a scheme has suffered financial loss that can be attributed to an offense involving dishonesty.

We will update members as matters progress with the PPF, but it will likely be some time before there is clarity as to whether a claim will be successful and, if so, how much compensation the Scheme might receive. The FCF is a fund of last resort which means the FCF will need to be satisfied that no further recoveries can be made, or else, that the costs and/or time likely to be incurred pursuing any recovery would outweigh any potential return. We will also need to know the full extent of the remaining rates bills, and the impact of any potential scheme sanction charge, to provide a final measure of loss.

There are a number of complications around making applications to the FCF. This means they have several stages to be worked through, and it is also not certain that the FCF will find that offences of dishonesty have been made out, even in situations where members might consider, on the face of it, that they have been scammed. This means we cannot provide any assurances that a claim will be successful but we will put forward as comprehensive and compelling a case as we can based on the evidence we have. We will update members when we can as the situation progresses.

We have also added a Frequently Asked Questions document on the Scheme website which provides further information on the FCF. You can find a copy by accessing the link below or by visiting the FCF's website at www.fraudcompensationfund.co.uk.

<https://www.dalriadatrustees.co.uk/wp-content/uploads/2022/04/FCF-FAQ.pdf>

Scheme Costs

Usually, where a scheme is an occupational scheme, some, if not all, of the costs of running the scheme would be met by the employer (or sponsor). In this case, the sponsor was a dormant company with little assets. This means that the costs of the previous trustees and its administrators and advisers, as well as Dalriada's costs and legal fees, will have to be met from the Scheme's funds.

It is inevitable with a Scheme such as this that costs are accrued in trying to get the money back from the Scheme investments and meet all ongoing governance requirements. TPR is informed quarterly of costs, and costs are also set out in the annual Chair Statements available on the Scheme website.

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The costs incurred to date represent the significant amount of work involved in dealing with the issues associated with these types of schemes. In this case, this includes handling of the transaction resulting in the sale of the pods as well as liaising with HM Revenue and Customs in relation to potential tax charges, and extensive liaison with councils regarding rates bills. However, we hope that, subject to meeting the other qualifying criteria for an FCF claim, a significant proportion of these costs could be recovered through the FCF. This is because the Judgment referenced in November 2020 Announcement clarified that, as well as investment losses as a result of an act of dishonesty, schemes can be compensated for costs incurred by the trustees which are attributable to any act of dishonesty.

Calculating members' benefits

In order to place a value on your benefits held within the Scheme we need to understand the following key points:

- The final value of the Scheme's investments or, more likely, the value of any final settlement figure
- Scheme costs and how they can be fairly apportioned amongst members

Until we have clarity on each of these points and then, ultimately, have a decision as to the Scheme's eligibility for any compensation on the FCF we cannot value members' benefits or issue any statements of benefits. This applies to all members equally.

Serious Fraud Office

Dalriada has been assisting the Serious Fraud Office (SFO) in relation to information related to the Scheme, and to the extent that they have an ongoing investigation into a number of companies through which members may have transferred their pensions. Whilst Dalriada are not party to that investigation, we understand that the SFO have written to members directly.

Dalriada would encourage members to offer their full assistance to the SFO. The SFO have already written to members asking that they complete questionnaires. If you have not had any correspondence from the SFO then we would encourage you to contact Dalriada so that we might ensure that the SFO is provided with your most up to date contact information.

Pensions Ombudsman Decision

Members may already be aware of a Pensions Ombudsman determination made in 2018. In the case in question the member made a complaint against the scheme that transferred his benefits to what turned out to be a scam.

The grounds for his complaint were that the Northumbria Police Authority (who were responsible for his transfer) transferred his pension without having conducted adequate due diligence and failed to provide him with sufficient warning, as set out in The Pensions Regulator's guidance, about the threat of pension scams.

The Ombudsman ordered that the member should have his benefits reinstated by the transferring scheme (and increased for the period it was out of the transferring scheme), or, if reinstatement is not possible, that the member be provided with equivalent benefits. Any recoveries from the scam scheme should be offset against the cost of providing reinstatement or equivalent benefits in due course. The Ombudsman also awarded the member £1,000 damages for distress and inconvenience. The full determination can be found [here](https://www.pensions-ombudsman.org.uk/determinations/2018/po-12763/the-police-pension-scheme/).

<https://www.pensions-ombudsman.org.uk/determinations/2018/po-12763/the-police-pension-scheme/>

Complaints such as this are very much dependent on the facts of the case. Given that, we cannot comment as to the merits of members making complaints against their previous schemes or providers or say whether any complaint would ultimately be upheld by the Ombudsman. However, members may wish to consider

Member Announcement

their own situation and whether there are grounds for making a similar complaint. Dalriada is not in a position to advise members but please note there are time limits for making complaints so, if you consider this is an option you would like to consider, it would be sensible to take steps to do so quickly.

In the case in question, the Ombudsman ruled that legal costs would not be awarded. As the outcome of the determination was that benefits should be reinstated (in other words, there was no significant cash award to the member other than the £1,000 distress and inconvenience payment). Also, the member was required to meet the legal costs himself. The Ombudsman process is intended to be user-friendly and not require paid representation.

Member Questionnaire

To ensure that we have a full understanding of why members joined and how this was facilitated, we would be grateful if you could complete the enclosed Member Questionnaire. Your responses will assist in our investigations and will help to ensure that the best possible outcome for members is achieved.

Further, the information completed on our questionnaires will be important in terms of any eventual claim on the FCF.

Fraudulent Letter

We have been made aware of a fraudulent letter sent to members of another pension scheme to which Dalriada was appointed independent trustee by The Pensions Regulator. The letter claims to be from David Copeland, as a Director of Dalriada, and asks members to call a telephone number provided in the letter to discuss claims. Please note this letter did not come from Dalriada and the telephone number is not a Dalriada telephone number.

If you have received recent correspondence which appears to be from Dalriada, asking you to 'make a claim' in a limited timeframe, this letter is bogus. **PLEASE DO NOT CALL THE NUMBER.** If you do call the number, you will likely be asked to make a payment or asked to provide personal information. Again, please **DO NOT DO THIS.**

Dalriada has taken this matter very seriously and has filed a report with Action Fraud and the police (Police Service of Northern Ireland (PSNI)).

If you have received the letter and/or have called the number, please get in contact with Dalriada and report the matter to Action Fraud as soon as possible. You can contact Action Fraud on:

Telephone number: 0300 123 2040

Crime Number: NFRC210504481800 (please include this if you make contact).

PSNI has advised that the matter should also be reported to your local police and the same crime number should be used when reporting to them.

Dalriada's legitimate contact details can be verified on our website. In light of this recent fraudulent letter, for your security, we would prefer members to contact us by e-mail in the first instance and, if necessary, we will call you back. If you do contact us by telephone, you should use the number shown in the 'What Should I Do If I Have Further Questions?' section below or, otherwise, a number that you can find and verify on the Dalriada website or on the schemes' website page.

To be absolutely clear, Dalriada will **NOT** ask you to make any payment and/or to disclose sensitive personal information. If you receive a call from (or make a call to) someone saying they are from Dalriada and who asks you for money or to disclose personal information, this is a scam and you should hang up and report the call to us and Action Fraud, as set out above.

Member Announcement

Whilst we would ask that contact is initially made by email where possible, should you 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 note that you can still contact us as set out in the 'What Should I Do If I Have Further Questions?' section below.

Data Privacy Notice

Dalriada has prepared a statement which sets out how, in its capacity as Trustee, it handles personal information in compliance with Data Protection Legislation.

A copy of the Data Privacy Notice can be found on the website set up for members, or via the link below:

https://www.dalriadatrustees.co.uk/wp-content/uploads/2019/12/Data-Privacy-Notice_.pdf

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 Schemes.

You can contact us as follows:

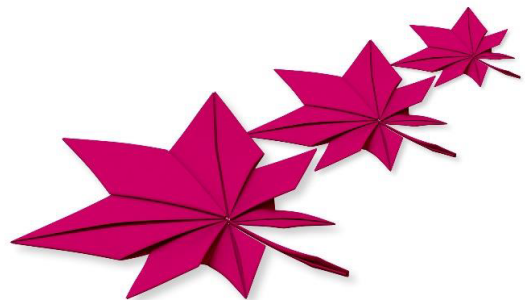
By Telephone: 028 9041 2003

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A better way

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Signatory of:



Appendix

Member Questionnaire

Scheme:	CAPITA OAK PENSION SCHEME ("the Scheme")
How did you first hear about the Scheme?	
Please provide details of the company or individual you spoke with originally.	
How was contact regarding the transfer initiated (e.g., Did you receive a phone call, answer an advert, or go online and find contact details)?	
How did the company/individual describe the Scheme to you?	
Did they offer alternatives to joining the Scheme?	
What service did the company/individual offer you (e.g., a pension review)?	
What was it about the Scheme and what you were told about it that influenced your decision to transfer?	

Appendix

Scheme:	CAPITA OAK PENSION SCHEME ("the Scheme")
<p>Were you ever offered any cash payment to join the Scheme (e.g., a pension commencement lump sum or some other cash payment)?</p> <p>If so, by whom?</p>	
<p>Did you ever receive a cash payment for joining the Scheme?</p> <p>If so, please provide details of the payment including the amount paid, the date and details of who made the payment.</p>	
<p>Were you informed of how your funds would be invested?</p> <p>If so, what investments were you made aware of and by whom?</p>	
<p>Did you select how your funds would be invested (i.e., Did you make a specific choice from a variety of investment options)?</p>	
<p>Did anyone ask you what your attitude to investment risk was?</p> <p>If so, please provide details of who asked you and your response.</p>	
<p>Were the investments in the Scheme described as low, medium, or high-risk investments?</p>	
<p>Were you provided with any updates regarding the investments and how they performed?</p> <p>If so, can you please provide copies of any documentation that you may hold.</p>	
<p>Did you receive financial advice when joining the Scheme?</p> <p>If so, please provide details of your advisor.</p>	

Appendix

Scheme:	CAPITA OAK PENSION SCHEME ("the Scheme")
<p>Were you made aware of any charges for joining the Scheme and/or for making the subsequent investments?</p> <p>If yes, can you set out what you were told and by whom?</p>	
<p>When you asked for a transfer, did your previous provider ask questions relating to pensions liberation or scams and/or provide you with leaflets about The Pension Regulator's "Scorpion Campaign"?</p>	
<p>Did you receive a loan from the Scheme, or from any Company connected with the Scheme?</p> <p>If yes, how much and what were the terms of the loan?</p>	
<p>If you received a loan, were you told where this was coming from or that it was explicitly linked to the Scheme and/or your pension funds?</p> <p>Do you have any documentation telling you this information or any payment reference?</p>	
<p>Have you received an unauthorised payment charge from HMRC?</p>	

Signed:

Name (BLOCK CAPITALS):

Date:

National Insurance Number: