

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

### Innovation Property Retirement Benefits Scheme

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#### **Background**

Dalriada Trustees Limited (“Dalriada”) has been working with the Pension Protection Fund (“the PPF”) to seek clarification around the operation of the Fraud Compensation Fund (the FCF), in order to determine if a claim could be submitted to the FCF for compensation in relation to your Scheme(s). The FCF was established under the Pensions Act 2004. The PPF is responsible for the operation and management of the FCF, which is otherwise a separate fund from the PPF itself. However, it has rarely been called upon.

The FCF is open to claims by occupational pension schemes that have suffered a loss as a result of an act of dishonesty. However, the wording of the legislation that brought in the FCF resulted in the PPF facing a number of questions around the rules governing eligibility for compensation. The PPF needed to be certain, before paying out any compensation, that there was proper legal entitlement to that compensation.

#### **Court Hearing and Judgment**

To resolve these legislative issues around the FCF, Dalriada participated in a court case brought by the Board of the PPF in July 2020. The Secretary of State for Work and Pensions was joined to the proceedings as an interested party.

On Friday 6th November, Mr Justice Trower handed down his judgment in relation to the case. The judgment deals with a number of important legal issues concerning the operation of the FCF.

In making his judgment, Mr Justice Trower has determined that a significant number of pension schemes can, in principle, make applications to the FCF.

The judgment is welcomed by Dalriada as being generally positive for many members whose interests we represent as trustee.

#### **What happens next**

While the judgment has provided answers to some fundamental questions posed to the Court, Dalriada must now work closely with the PPF to agree the precise steps that need to be taken in order to progress the claim already submitted on behalf of your scheme. The claim submitted in July 2019 will now need to be considered by the PPF in light of the judgment and a determination given as to whether the scheme is eligible for compensation based on the facts provided, as well as how much compensation to pay. We are unclear how long this will take, but we have been advised that, given the nature of the evidential process involved in determining the calculation, it could take up to eighteen months for the claim to be processed.

It is important to note that this judgment does not mean that yours or any other schemes of this nature to which Dalriada has been appointed as trustee will automatically be successful in its claim. We understand that members have suffered a loss, but each claim submitted to the FCF will be determined on its facts. For example, the PPF will need to be satisfied that there is sufficient evidence of actual dishonesty in relation to the Scheme and also consider what specific losses have been caused by that.

At the point of writing, the judgment has just been released. We will keep you informed as and when we hear more from the PPF.

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 contact us.

You can contact us as follows:

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