
Optimum Retirement Benefit Plan ("the Scheme")



Dalriada. A better way

Important announcement to members of the Scheme

As you may recall Dalriada Trustees Limited ("Dalriada") was appointed as independent trustee to the Scheme by Order of The Pensions Regulator ("TPR") on 13 February 2018, to protect the interests of the members.

Dalriada have written to you previously regarding your membership of the Scheme. This Announcement provides an update to members on the current position of the Scheme and the actions taken since the appointment of Dalriada.

What action has been taken so far?

Dalriada's role as trustee of the Scheme is to act in the best interest of members. Our focus has been on achieving the best possible outcome for members, by attempting to maximise the recovery of funds. We continue to investigate and gather information on how the Scheme operated historically, what actions the previous trustees took, and importantly what value, if any, the purported investments made on behalf to the Scheme now hold.

Ultimately, our objective is to apply for compensation from the Fraud Compensation Fund ("FCF") on behalf of the Scheme. The FCF is a fund of "last resort", which means a compensation application can only be made when no further recoveries are likely or the burden on costs would outweigh the potential return. More information on the FCF follows below.

We also continue to deal with the Scheme's legal and governance obligations wherever possible, including submitting scheme returns to TPR and preparing the annual Chair Statements. Where there are any governance breaches due to the specific circumstances of the Scheme, we have explained why these breaches have taken place and will continue to report them to TPR. Copies of Chair Statements and other key documents are published on the member website (detailed below).

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The Fraud Compensation Fund ("FCF")

As was communicated in our Announcement of November 2020, Dalriada participated in a legal case which sought clarification on certain legislative issues in relation to the FCF. Whilst the FCF is open to claims by occupational pension schemes that have suffered a loss as a result of an act (or acts) of dishonesty, the purpose of the legal case was to provide certainty around the wording of the legislation that brought about the FCF and 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.

In short, it was determined that a claim could be submitted to the FCF for compensation in relation to occupational pension schemes, such as the Scheme. The judgment also made it clear that trustee and advisor fees related to the act of dishonesty can be included in FCF claims. This means that, in the event of a successful claim, the impact of trustee fees on members' benefits should be somewhat mitigated.

Please note that the judgment does not mean that the Scheme, or any other schemes of this nature, will automatically be successful in their claims. We understand that members have suffered a loss, but each claim submitted to the FCF will be determined on its facts. Further, we have been advised that, given the nature of the evidential process involved, it could take some time after the submission date for any claim to be adjudicated on.

There are certain conditions to be met before the Scheme will be considered eligible to make a claim. A claim has not been submitted on behalf of the Scheme at this time as it does not yet meet all of the FCF's pre-conditions for eligibility. For example, given that the FCF is a fund of last resort, Dalriada will need to confirm that all other avenues for potential recovery of funds have been explored and exhausted.

It is still our intention to make a formal application on behalf of all members collectively, which will comply with the appropriate regulations, including the requisite triggers and timescales for submitting a claim. Although the timescales are not confirmed, and we are somewhat dependent on how soon the FCF can process claims, Dalriada anticipate being in a position to lodge an application on behalf of the Scheme by the end of this financial year. Should discussions with the FCF cause us to change these plans we will make you aware.

What can I do to help?

To assist with our investigations and FCF claim, Dalriada would be grateful if you could complete the enclosed Member Questionnaire.

Your responses will assist us in our investigations and will help to ensure that the best possible outcome for members is achieved. We are keen to gain a better understanding of how the Scheme worked, the actions of the former trustees and administrators, and how members were encouraged to join the Scheme. These will be important details in the consideration of any claim on the FCF. Please also feel free to send us any additional information that you may feel is relevant, if it isn't covered in your responses to the Member Questionnaire.

Finally, if you have not already done so, we would be grateful if you could supply copies of all correspondence and other communications that you may have received in relation to your membership of the Scheme.

The Pensions Ombudsman

Dalriada have submitted a complaint to The Pensions Ombudsman ("TPO") against the former trustees of the Scheme, which was joined with the complaint of a Scheme member. TPO has undertaken a thorough investigation of the Scheme and Dalriada has assisted TPO throughout, providing more than 1,000 pages of documentation.

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An oral hearing was held on 30 March 2022. We are unable to provide details of the hearing pending the Ombudsman's final determination but can confirm that representatives of Dalriada gave evidence and were afforded the opportunity to question other witnesses on behalf of all members.

TPO are unable to provide timescales for the publication of a Final Determination, but we hope it will be completed by the end of the year, if not sooner. We will inform members as soon as the Final Determination is publicly available.

Investments

The Scheme was funded by way of individual members transferring-in their previous pension benefits, including funds transferred across as part of the merger of two other pension schemes¹ with the Scheme. From those collective funds, so-called "introducers" employed by the Scheme were paid tens of thousands of pounds in fees. Significant payments were also made to those involved in running the Scheme.

Dalriada has established that the Scheme purportedly invested in a number of entities. None of these entities were regulated and provided little to no protection of the capital invested. A detailed breakdown of the investments was set out in our June 2020 Announcement, including the steps taken to recover those funds.

Obtaining cooperation from some of the entities involved has been difficult. It remains that Dalriada has received little to no assistance from the previous trustees in relation to the purported investments and the investment entities themselves have, to a large extent, not engaged with Dalriada. Dalriada continues to pursue the entities and individuals involved, with the assistance of its legal advisors. However, it is highly likely that the remaining investments will return little to no value to the Scheme.

A brief update on a selection of investments is set out below. Please refer to the June 2020 Announcement for a more detailed description of the entities and the steps taken to recover those funds.

Purported Investment	Update
Tulip Research Limited / Heather Research Limited	<p>Dalriada continues to liaise with these companies, with a view to securing an exit for shareholders and a return to the Scheme. We have been informed by a representative of the companies that a partial exit for investors, such as the Scheme, may be possible in the coming year.</p> <p>Dalriada has had no firm details or evidence of this proposal at the time of writing but will continue to pursue an exit from both investments and a return of funds to the Scheme, if possible. However, it remains unclear what value may be recovered in due course.</p>
Rationale Asset Management Plc ("RAM") and Merydion Corporation Limited ("Merydion")	<p>RAM and Merydion were wound up in the public interest by the High Court on 12 January 2021, following the Official Receiver being appointed as provisional liquidator in August 2020 and concluding that the companies had been misleading their investors to obtain funds while failing to make any genuine investments.</p> <p>Dalriada has submitted proofs of debt to the joint liquidators in respect of both companies. The latest report from the joint liquidators states that it is uncertain whether a distribution will be made to creditors.</p>

¹ the Ocean Equities Financial Occupational Pension Fund and the Clear Financial Solutions Occupational Pension Fund

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What is the current position regarding transfer values and member benefit calculations?

As mentioned above, the vast majority of the Scheme's funds were transferred to a number of unregulated parties and to date, little to no funds have been returned to the Scheme. Further, at this time we do not know to what extent the Scheme can be compensated by the FCF. As a result, it is not currently possible to provide transfer values, provide any benefit payments from the Scheme, or indicate what level of benefits might be payable to members in the future.

Should any funds be returned to the Scheme in due course, Dalriada will update the membership accordingly.

HMRC

HMRC requested copies of Scheme records from Dalriada amid concerns that payments may have been made to members that were "unauthorised payments" and so subject to tax charges.

There is evidence that some members have received payments from the Scheme. Others have received payments from Shawhill Securities Ltd ("Shawhill"). These latter payments were described to members as loans and were on occasion paid to members before they had reached the minimum retirement age of 55. The former trustee of the Scheme, Mr Craig was connected to the Shawhill company and there are payments to Shawhill from the Scheme bank accounts. Therefore, there are concerns that the Scheme operated a form of pension liberation.

Pension liberation occurs where individuals are encouraged to transfer their pension to schemes in the expectation of getting early access to their pension funds (before the minimum retirement age of 55) either by way of a loan or some other form of cash inducement. Such payments are in breach of the regulations that govern occupational pension schemes. It is not often explained or made obvious to members that the funds being paid are coming from their own pension funds, are in breach of any Regulations, or could potentially expose members to material tax charges.

We understand that HMRC have already been in contact with affected members in respect of these unauthorised payments. If you have been contacted by HMRC we would be happy reviewing the documentation we hold relating to any alleged payment made and providing you with further information. However, these HMRC matters are personal to the member and so, whilst we may be able to provide some information on the payment allegedly made to you, we cannot get involved or provide advice in relation to members' individual tax affairs.

Warning to Members – Fraudulent Letter

Recently we were made aware of a fraudulent letter sent to members of another pension scheme to which Dalriada was appointed independent trustee by TPR. The letter claimed to be from David Copeland, as a Director of Dalriada, and asked members to call a telephone number provided in the letter to discuss alleged claims. This letter did not come from Dalriada and the telephone number was not a Dalriada telephone number.

If you have received correspondence which appears to be from Dalriada, asking you to 'make a claim' via a telephone number, 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. If you have received a 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:

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- Telephone number: 0300 123 2040
- Crime Number: NFRC210504481800 (please include this if you make contact)

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

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

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 and, if necessary, we will call you back. If you do contact us by telephone, you should only use the number shown in the 'What Should I Do If I Have Further Questions?' section below, a number that you can find and verify on the Dalriada website, or on the Scheme's website page.

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 Scheme, 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 Scheme's website or via this link:

https://www.dalriadatrustees.co.uk/wp-content/uploads/2018/10/Data-Privacy-Notice_-1.pdf

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Member website

Dalriada has set up a dedicated member website for the Scheme. Dalriada has made available through the website copies of all Announcements, alongside any relevant governance documents. A link to the Scheme website can be found below:

<https://www.dalriadatrustees.co.uk/scheme/optimum-retirement-benefit-plan/>

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.

You can contact us as follows:

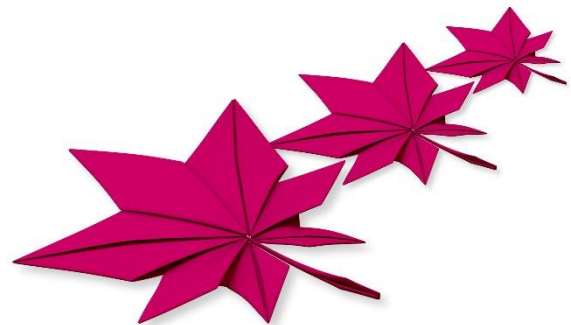
By Telephone: 028 9041 2027

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Issued by Dalriada Trustees Limited

May 2022



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Appendix

Member Questionnaire

Scheme:	Optimum Retirement Benefit Plan ("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:	Optimum Retirement Benefit Plan ("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:	Optimum Retirement Benefit Plan ("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: