

Gresham Investment Pension Scheme; Callahan Consulting Pension Scheme; Western Cross Pension Scheme; Gresham (2012) Pension Scheme; Daycroft Pension Scheme; Fort Bruce Pension Scheme; Abbey Mage Pension Scheme; Dellaney Gibbons Pension Scheme; Regency Pension Investments Pension Scheme; Williams Bell Pension Scheme; Friendly Pensions Retirement Fund ("the Schemes")



Dalriada. A better way

Important Announcement to members of the Schemes

Dalriada Trustees Limited ("Dalriada") wrote to you previously regarding your membership of one of the Schemes. This is an update to members on the current position and the actions taken since the appointment of Dalriada.

Former Trustees & Investments

Members will recall that the majority of the Schemes' funds were invested through Friendly Pensions Limited (FPL) and/or Friendly Investments Limited (FIL), and then subsequently through a number of underlying investments. These companies are now in liquidation. The position for the Friendly Pensions Retirement Fund was different, however, as covered later in this Announcement.

Mr David Austin was believed to control both FPL and FIL and was, at some time, a director of both companies and either he, or his wife, was the majority shareholder.

Dalriada continues to work closely with the insolvency practitioners dealing with the liquidations of FPL and FIC. They have been reviewing the actions of the directors of those companies, and have been seeking to trace funds that were paid on to Mr Austin or others, including members of Mr Austin's family. The insolvency practitioners also continue to investigate a number of underlying investments and efforts continue to be made to recover scheme assets via a number of claims covering multiple jurisdictions. However, success has been limited and there is little prospect of any material distribution of funds being made to the Schemes. The last update from the insolvency practitioners was that there were currently insufficient funds to enable any further payments to the Schemes or other creditors.

In respect of the funds paid directly to Mr Austin, information provided to Dalriada indicated that Mr Austin had limited personal assets. Dalriada's view is that the monies received by Mr Austin may have been largely spent. Mr Austin is now deceased. Some or all of Mr Austin's assets may have been transferred to Mr Austin's wife however, she is bankrupt. Dalriada has submitted a claim in her bankruptcy and we will be contacted if there is the possibility of any dividend being paid to the Schemes. Again, it is not expected that there will be a significant, or indeed any, return to the Schemes.

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In our previous Announcement we also reported on monies invested in Freedom Bay, an illiquid property-based investment in St Lucia, and a property bond issued by Affinity Corporation Ltd.

The Company behind the Freedom Bay development has been placed into liquidation. Dalriada and its legal team are working with lawyers in St Lucia to protect the Schemes' interests as far as possible, but it is unlikely that any funds will be recovered.

Affinity Corporation Limited went into administration on 24 May 2019. We reported in the previous Announcement that the administration period was extended until May 2023. There are a number of subsidiary companies from which recovery is being considered however, based on the latest report from the Administrators, the potential for recovery from this investment is uncertain.

Finally, members may be aware from a previous Announcement of the actions taken by TPR. Members will recall that The Pensions Regulator had already obtained judgment in 2018 for over £13.7m (i.e. the total amount initially transferred into the Schemes) following civil action taken against the former trustees and against Mr Austin. Thereafter, TPR proceeded to issuing criminal proceedings against the former trustees, namely Alan Barratt, Susan Dalton, and Julian Hanson.

TPR deemed that it was not in the public interest to pursue Mr Hanson further. However, both Alan Barratt and Susan Dalton were sentenced to 5 years 7 months and 4 years 8 months imprisonment respectively. There are now ongoing confiscation proceedings against Alan Barratt and Susan Dalton, which are subject to a directions hearing, listed for 10 March 2023.

We would direct members to the Project Cardinal case updates page set up by TPR for further information as it becomes available:

<https://www.thepensionsregulator.gov.uk/en/contact-us/scheme-members-who-to-contact/victims-of-crime/case-updates/project-cardinal>

Dalriada had filed a statutory demand on Mr Hanson in relation to an unsecured loan of £120,000 made to Broadbridges Consulting Ltd in respect of the Friendly Pensions Retirement Fund ("the FPRF"). This loan represented the sole investment made by the FPRF of which Mr Hanson was the trustee. However, Mr Hanson was made bankrupt prior to Dalriada's statutory demand. Dalriada submitted a claim for the same amount into Mr Hanson's bankruptcy and Dalriada are working with the joint trustees in bankruptcy and assisting them in their investigations.

The Fraud Compensation Fund

The FCF is a fund, managed by the Pension Protection Fund ("PPF"), that provides compensation where schemes have suffered a loss as a result of fraud or criminal offenses involving dishonesty. Dalriada has been working closely with the FCF to agree the precise steps needed to allow applications to be submitted, as well as the correct timescale for submitting a claim.

We are pleased to confirm that the FCF team has agreed that there are reasonable grounds for believing that the Schemes have suffered losses as a result of acts of fraud and/or dishonesty. This is positive news for the Schemes and its members.

However, in order to proceed with the claim, the Schemes need to satisfy a number of requirements. The FCF is a compensation fund of last resort which means that the FCF will need to be satisfied that no further recoveries can be made from elsewhere, or else, that the costs and/or time likely to be incurred pursuing any recovery could outweigh any potential return. For instance, to the extent that there continues to be ongoing confiscation proceedings against the former trustees, we may need to know the outcome of those proceedings before any compensation can be paid.

There are also certain technical steps that need to be taken before an application can be submitted. For example, a formal application can only be made to the FCF up to 12 months following the date of insolvency

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of the relevant scheme's employer. This relates to the need to obtain a 'Scheme Failure Notice' ("SFN") from the insolvency practitioners in relation to the relevant scheme's employer.

The Schemes' employer companies were all dormant companies with minimal assets, and the majority of them were already dissolved. There is a legal process to be followed to ensure we can obtain the necessary SFNs and Dalriada is working with its lawyers in this regard.

Given this and the need to resolve matters in relation to the remaining investments, including determining whether there will be any assets confiscated following the prosecution of Barratt and Dalton, means the timing and/or outcome of any claims is uncertain at this time.

When claims are submitted it could be between six and eighteen months for that claim to be determined. However, to the extent that we have provided much of the necessary information to the FCF already, resulting, as commented earlier, in the decision from the FCF that the schemes have suffered losses as a result of dishonesty, we hope that, when it is possible to submit claims, these can be progressed as quickly and efficiently as possible.

We cannot, at this time, provide any assurance as to the level of compensation payable. The FCF will determine the value of any compensation payable based on figures prepared by a reporting accountant appointed by Dalriada. The formula for FCF compensation is set out in legislation and can be subject to a number of adjustments. However, investment losses, any tax charges levied on the Schemes (Scheme Sanction Charges) and the trustee's costs in dealing with the consequences of dishonesty can all form part of the compensation paid, as long as they can be clearly attributable to dishonesty. Costs which the FCF consider business as usual for a scheme, for example producing the annual Chair's statement, will not be compensatable as these are costs which must be borne by all pension schemes.

We have added a Frequently Asked Questions document on the Schemes' website which provides further information on the FCF. You can find a copy by accessing the websites via your browser (links were provided in a previous Announcement) or by visiting the FCF's website at www.fraudcompensationfund.co.uk.

Finally, we would confirm that members **do not** need to do anything themselves with regard to claims on the FCF. As set out above, Dalriada is already working with the FCF and will submit claims when it is in a position to do so. Whilst members are able to submit an individual application, the FCF has confirmed that where there is already a claim in progress, or where they have been notified by the trustees that they intend to make a claim (as is the case for here), the FCF will direct any member back to the trustees. The same applies to individuals or organisations who may approach members offering 'assistance' to members to make FCF claims, or suggest to members that they can obtain more FCF compensation or obtain FCF compensation more quickly for members. Should you be approached by any individual or firm making such claims, particularly if they are looking to charge fees, you should exercise extreme caution for the reasons set out above.

What does this mean for members?

As commented above, the fact that the FCF has confirmed that the Schemes have suffered losses as a result of dishonesty is positive news for members, as this means there will be compensation payable.

As the FCF is a compensation fund of last resort, we will need to work with the FCF on the extent to which the recovery actions should continue as well as ensure that all the other requirements for us to be able to submit formal claims are in place. Thereafter, the FCF will determine the level of compensation payable. When we are in a position to submit formal applications to the FCF we will do so, on behalf of all members collectively. We will update members further as the situation progresses.

Member Announcement

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 9085 0934

By Post: Dalriada Trustees Limited
Linen Loft
27-37 Adelaide Street
Belfast
BT2 8FE

By Email: dalriadaadmin@dalriadatrustees.co.uk

Other Useful contact details

If you have a complaint or dispute concerning your workplace or personal pension arrangements you should contact:

The Pensions Ombudsman Telephone: 0800 917 4487

Website: www.pensions-ombudsman.org.uk

If you have general requests for information or guidance concerning your pension arrangements contact the Money and Pension Service (MaPS).

Previously pensions guidance has been provided across the three consumer facing brands of MaPS: Pension Wise (PW), The Pensions Advisory Service (TPAS) and the Money Advice Service (MAS).

MaPS has now launched **MoneyHelper** where all retirement and pensions guidance has been brought together under one brand and one website: moneyhelper.org.uk.

Consumers can request an appointment by following the links, emailing virtual.appointments@maps.org.uk or by calling our the pensions helpline on 0800 011 3797.





These appointments are free and impartial.

The email address to the pensions guidance team for general pensions queries is pensions.enquiries@moneyhelper.org.uk

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