

Important Announcement to members of the following pension scheme:

The Optimum Retirement Benefit Plan (“the Scheme”)

Background

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

You may recall from our last announcement, on 13 February 2018 Dalriada was appointed by The Pensions Regulator (“TPR”) as independent trustee to the Scheme. All trustee powers and rights are now held exclusively by Dalriada.

Dalriada’s role as independent trustee is as follows:

- To administer the Scheme,
- To manage the Scheme’s assets and understand the nature of all assets held,
- To act in the best interests of all members and beneficiaries,
- To assist The Pensions Regulator with any enquiries in relation to the management of the Scheme.

TPR is a statutory body which is responsible for the regulation of work-based pension schemes in the UK. Its aims include protecting the benefits of pension scheme members together with promoting good administration and understanding of occupational pension arrangements.

Dalriada’s appointment by TPR was due to concerns over the way in which the former trustees operated the Scheme. The former trustee for the Scheme was a Mr Gordon Craig; however the Scheme also had two further trustees who purportedly resigned prior to Dalriada’s appointment.

Please find below the latest information regarding the investments made by the previous trustees and the steps taken to date by Dalriada.

What action has been taken so far?

Upon its appointment, Dalriada commenced an investigation of the Scheme to ascertain, amongst other matters, how it operated historically, what actions the previous trustees took, and importantly what value, if any, the purported investments made on behalf of the Scheme now hold. Alongside Dalriada’s investigation in its capacity as Trustee of the Scheme, various separate entities have also conducted their own respective investigations.

Bank Accounts

In our last announcement we advised that we were working towards taking control of the Scheme bank accounts and investigating the assets of the Scheme, to determine how they were invested. Dalriada has now obtained control of the Scheme bank account, however upon appointment it was noted that the account held limited funds.

Investments

Dalriada have been working to identify any remaining assets held by the Scheme, which includes an assessment of any investments made by the former trustee on behalf of the members of the Scheme. We have attempted to make contact with all of the investments made and are actively in correspondence with a number of entities with the aim of, where possible, returning funds to the Scheme.

Prior to setting out the current position with each of the investments it should be noted that the Scheme Trust Deed and Rules indicate that the Scheme operated on the basis of a "pooled fund".

By way of brief explanation, a pooled fund approach is when the funds of all members of a scheme are collectively invested in one large fund, with all members sharing collectively in any gains or losses made by the fund. As such, members do not have individual holdings in particular investments or individual accounts.

Following Dalriada's appointment, it became clear that the former trustees entered into a number of purported investments on behalf of the Scheme (and its collective membership), which were now valueless, as the investment entities had already been dissolved or ceased trading. None of the purported investments made by the Scheme were regulated and provided little to no protection for the capital invested.

The position in relation to each investment is as follows:

Real Time Claims Limited ("RTC")

The Scheme made payments of approximately £850,000 to RTC, which allegedly related to an investment in a claims management company.

Following this initial investment, and for reasons which are not clear, the former trustee entered into a settlement agreement with RTC. This ultimately resulted in the investment being redeemed by ownership of a PPI debt book with a value of approximately £122,000.

Under the terms of the agreement a sum of £25,000 was received by the Scheme in September 2019. The remaining £97,000 was recovered in February 2020 but is subject to a potential claim from a third party, in respect of which Dalriada and their legal representatives are in correspondence to resolve.

Whilst this is a positive result, the sum recovered is substantially less than the original sum invested in RTC by the Scheme.

Tulip Research Limited / Heather Research Limited

Dalriada have confirmed that through a company called Digital Media Limited the Scheme invested in two companies, namely Tulip Research Limited ("Tulip") and Heather Research Limited ("Heather").

The Scheme made payments totaling approximately £1,008,000 to Tulip for a share holding of 1,008,000 shares. While Tulip is an active company, it is unclear whether the company is trading and at present no returns have been paid into the Scheme from this investment.

In addition, the Scheme made payments totaling approximately £240,000 to Heather for a share holding of 240,000 shares. Heather also remains listed as an active company, however the Scheme has yet to receive any returns on the investment.

Dalriada intends to make further contact with both companies in order to obtain further information on the nature of this investment. To date, no funds have been returned to the Scheme from either company and it is unclear what value, if any, may be recovered in due course.

Malta Boxing Commission Limited ("MBC")

The documents available to Dalriada suggest the Scheme made payments totaling approximately £99,000 to MBC. Dalriada was provided with no paperwork relating to the nature of this investment from the former trustees, other than an indication that Scheme money was paid for a shareholding in MBC. This company was dissolved on 17 October 2017 prior to Dalriada's appointment as Trustee.

To date, no funds have been returned to the Scheme from the MBC investment and it is unlikely any value will be recovered in due course.

Rationale Asset Management Plc ("RAM")

Dalriada initially received information which suggested that the Scheme made payments totaling approximately £698,000 to RAM for a purported shareholding in the company. However, Dalriada were provided with limited paperwork in respect of this investment/entity and to date the Scheme has received no return on this investment.

Dalriada will continue to try and obtain information on the nature of this purported investment. However, it remains unclear what value, if any, may be recovered in due course.

It is also understood that this investment is linked to a further investment by the Scheme into Merydion Corporation Limited, in the sum of approximately £300,000. As no paperwork or information has been received by Dalriada in relation to this further investment, we are unaware what this payment was in relation to. Dalriada will continue to investigate this purported investment in order to try and obtain information and to ascertain if there are any means to recover the money paid back to the Scheme.

Civilised Investments Ltd ("CIL")

Records would indicate that the Scheme made payments totaling approximately £50,000 to CIL to purportedly purchase 4,484 shares in the company, which is now known as Alicia Bank Limited.

As Dalriada were provided with no documentation in relation to this purported investment, we continue to endeavour to obtain information from the company in respect of this shareholding. To date, no funds have been returned to the Scheme from CIL and it is unclear what value, if any, may be recovered in due course.

Emerging Markets Minerals plc ("EMM")

It appears the Scheme made payments totaling approximately £220,000 to two companies (Cornhill Capital Limited and Jarvis Investments Limited), to purportedly purchase shares in EMM, a Madagascar-based company.

Dalriada continue to correspond with relevant parties in order to obtain additional information on this investment. To date, no funds have been returned to the Scheme from the EMM investment and it is unlikely any value will be recovered in due course.

Platinum Credit Services Limited ("PCS")

Dalriada has had sight of documents that suggest the Scheme made payments totaling approximately £530,000 to PCS, but it is unclear from the paperwork what investment the payments related to. Dalriada has reason to believe the payments may have been in the form of loans, but no loan paperwork has been provided to Dalriada from the former trustees to establish the terms of the possible loans.

This company has been dissolved and has returned no money to the Scheme. Dalriada will continue to enquire as to whether there is any form of compensation available to the Scheme in respect of this investment. However, it is understood that this was an unregulated, unsecured investment and therefore it is highly unlikely that any redress will be available to the Scheme by way of compensation.

Regal Coins Limited ("RCL")

The Scheme accounts indicate that £30,000 was paid to RCL from the Scheme in March 2016. However, this company was dissolved on 28 May 2019 with no viable avenues to make recoveries on behalf of the Scheme.

No funds were returned to the Scheme from this purported investment and it is highly likely no value will be recovered.

Nail Tech Limited

From the limited paperwork available on this entity, it appears the Scheme made loans of approximately £25,000 to this company, which was dissolved on 27 February 2018.

No funds were returned to the Scheme from this purported investment and it is highly likely no value will be recovered.

General Investments

While Dalriada continues to investigate the remaining entities into which the Scheme funds were transferred, it is highly likely than many of the investments, if not all, will return little to no value to the Scheme.

Dalriada appreciate that this information will be upsetting to members but want to assure them that all efforts are being made to make recoveries were possible.

There are other bodies continuing to investigate how the Scheme was operated by the former trustee and his associated parties, including a police investigation into the actions of the former trustee. As and when appropriate to do so, Dalriada will assist all interested parties in their respective investigations and inform the members if these investigations produce further developments in regard to the Scheme's investments.

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. As a direct result, it is therefore not currently possible to provide transfer values or indeed provide any benefit payments from the Scheme.

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

Recent Pensions Ombudsman Decision

A recent decision made by the Pensions Ombudsman in respect of a scam scheme (where Dalriada has been appointed as Trustee by TPR) is something that we feel should be brought to the attention of members, who may wish to consider the facts pertaining to the case and consider whether there are grounds for making similar complaints to their previous schemes or providers. To assist members in considering whether they should take action, we have attached an appendix to this Announcement that contains the main facts that led to the determination and other relevant points which members should consider.

In the case in question the member made a complaint to the scheme that transferred his benefits to the scam scheme. The grounds for his complaint were that the authority that governed his scheme transferred his pension fund to the scam scheme without having conducted adequate due diligence checks on it and failed to provide him with a sufficient warning, as required by TPR, about the risks posed by pension scams. Having reviewed the particular facts of this case, the Ombudsman ordered that the member should have his benefits reinstated to 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/>

We will cover the point in the Appendix, however, we must draw to members' attention that this decision will also be considered by claims management companies and lawyers, who may offer their services to members with an ongoing (or who are considering making a) complaint. In this particular complaint 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) the member was obliged to meet these significant costs himself. This should be borne in mind by members if they are approached by organisations offering to act for them in such complaints.

We cannot advise members on the merits of making complaints against their previous schemes or providers, or assist them in doing so, as we are unlikely to have details of all correspondence between a member and their transferring scheme and the particular circumstances of their case.

It should also be noted that if the transferring scheme can demonstrate that it carried out appropriate due diligence and provided a member with adequate information about the risks posed by pension scams, then the Pension Ombudsman's decision may differ from the decision in this case.

Financial Advice

The records provided by the previous trustee generally do not provide confirmation or clarification of any financial advice received by members. It is our understanding that transfer advice was not taken by the membership at large. Rather, members may have corresponded with unregulated introducers.

However, if members are unhappy with a financial product or service that may have been provided to them then members are able to complain to the firm directly. I have included below a link to the Financial Conduct Authority's ("FCA") guidelines on how to complain:

<https://www.fca.org.uk/consumers/how-complain>

Financial Services Compensation Scheme ("FSCS")

The FSCS can consider claims against firms providing advice that have now failed.

To consider claims against a failed firm, the FSCS has to be satisfied that customers have first exhausted any right to claim against any connected firm still trading.

The FSCS may also need to be satisfied that the firm being claimed against was FCA (or PRA) authorised. You can check the status of your advisor on the FCA register:

<https://register.fca.org.uk/>

If your advisor was not FCA regulated when transferring your pension, we understand that the FSCS can't compensate you. This is because there is no FCA/PRA-regulated firm to make a claim against. However, you may be able to make a claim directly to your previous pension provider as noted above. You'd be claiming against the quality of the checks they carried out when transferring your pension.

If your advisor was FCA authorised, is still trading, and you believe you were misadvised to transfer your existing pension or to invest, you need to complain to them first. If they reject your complaint, you can take it to the Financial Ombudsman Service ("FOS").

If your advisor was FCA authorised, is no longer trading, and you believe you were misadvised to transfer your existing pension or to invest, you should submit a claim to FSCS against your financial adviser.

Dalriada cannot give advice in relation to claims to the FSCS. However, the FSCS exists to make it easy for individuals to make contact with it. The FSCS website can be found via the following link:

<https://www.fscs.org.uk>

Cold Calling

Unsolicited calls about your pension became illegal on 9 January 2019. Companies that make unwanted, unsolicited phone calls to people about their pensions may face enforcement action, including fines.

The ban prohibits cold calling in relation to pensions, except where the caller is authorised by the FCA, or is the trustee or manager of an occupational or personal pension scheme, and the recipient of the call consents to calls, or has an existing relationship with the caller.

If you receive a cold call about your pension, get any information you can from the caller (such as the company name or phone number) and make a report of the call to the Information Commissioner's Office via their website or on 0303 123 1113.

Claims Management Companies

Dalriada have become aware that a number of Claims Management Companies ("CMC") have made contact, or have indicated to us that they want to make contact, with members in order to assist with individual applications to the FSCS for compensation, or other such methods of redress.

CMCs themselves are regulated by the FCA; however, the whole point of entities such as the FSCS is that it should be easy for claimants to make claims for themselves. The FSCS procedure is free, and the guidance from the FSCS on its own website specifically encourages individuals to make their own claims without incurring costs or offering a cut of compensation to another party in return for assistance.

If compensation is awarded, that compensation is for the benefit of the claimant. A CMC will always want to enter into a contract for their services, with a fee structure based on success. This fee is often 20% to 40% of any compensation paid. To put this into cash terms, if the FSCS made an award of £50,000 then, based on a 20% fee agreement, the CMC would be entitled to £10,000 of that compensation. This is regardless of how much work is done and often this would be just filling in a simple online form.

In addition, members should proceed very cautiously if approached by either a CMC or financial advisor where there is no existing relationship. As noted above, there is now a ban on cold calling in relation to pensions, so such approaches might be in breach of that and, as a result, liable for criminal action.

Scams

Dalriada shares TPR's fears that the impact of Coronavirus (COVID-19) on markets and personal finances may make members more vulnerable to scams.

We wish to make members aware as to the risk of scams and be able to spot scam warning signs.

We strongly advise members to visit the ScamSmart website for more information –

<https://www.fca.org.uk/scamsmart>

<https://www.fca.org.uk/scamsmart/how-avoid-investment-scams>

Member websites

Dalriada has set up a dedicated member website for the Scheme. Dalriada will make available through the website copies of all Announcements, alongside any relevant governance documents.

Links to the Scheme website can be found below:

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

Useful contact details

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

The Pensions Ombudsman
Office of the Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone: 0800 917 4487

Website: www.pensions-ombudsman.org.uk

If you have general requests for information or guidance concerning your pension arrangements, you should contact:

Money and Pensions Service
Holburn Centre
120 Holburn
London
EC1N 2TD

Telephone: 0115 965 9570

Website: <https://moneyandpensionsservice.org.uk>

Will Dalriada play a role in helping me to make a complaint?

Dalriada and the Optimum scheme will not be parties to, nor be involved in, any complaint that you bring against a previous scheme or provider. Our duty is to act as Trustee of the Scheme and to proceed as we have set out.

That said, we would hope that the above information is helpful to members in considering whether they have a basis for a potential complaint - which will not be without challenge - and also in contemplating whether it is truly necessary or in their interests to seek external help from third parties (i.e. CMCs) who will look to take a fee in the event of a successful outcome and, if you do use such a third party, how any fee would be paid.

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 Scheme.

You can contact us as follows:

By Telephone: 028 9041 2027

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

Via e-mail: optimum@dalriadatrustees.co.uk

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Appendix

Pensions Ombudsman Determination

Facts

Mr N, as he is referred to in the determination, was a member of the Police Pension Scheme (the Police Scheme) which was run by the Northumbria Police Authority (the Authority). In August 2014 Mr N made a transfer from the Police Scheme to an occupational pension scheme called the London Quantum Retirement Benefit Scheme (the London Quantum Scheme).

In February 2013 The Pensions Regulator (the Regulator) began the Scorpion Campaign to highlight the dangers of pension liberation fraud to professional pension bodies. This included a member leaflet to highlight both the campaign and the risks. The Regulator recommended that this leaflet be issued by the transferring pension scheme to all members who were looking to transfer. Despite the member leaflet having been issued some eighteen months beforehand, the Authority did not issue this leaflet to Mr N. It considered it sufficient to place a copy on its intranet news feed, where it might be seen by employees.

The Regulator also recommended that checks be carried out on the receiving schemes in order to flag issues that might suggest they were scam schemes. There was no evidence that the Authority had carried out this due diligence. The Ombudsman noted that the London Quantum Scheme exhibited several features to indicate that it might be a pension liberation scam scheme which would have been picked up by this due diligence, such as:

- The London Quantum Scheme was sponsored by a dormant company.
- The employer company was registered in London, geographically far from the member.
- The sponsoring employer of the London Quantum Scheme did not employ Mr N.

The Ombudsman's view was that the Authority should have made these checks, should have found the areas of concern and should have flagged these to Mr N. If they had, then – having very carefully considered Mr N's personal circumstances - it was the Ombudsman's opinion that Mr N would have not gone ahead with the transfer and not suffered loss as a consequence.

The Ombudsman also noted that the start of the Scorpion Campaign in February 2013 was significant as, after that date, pension schemes and providers should have been more aware of the risks, as well as their obligations, and should have been more diligent. The Authority failed in this respect.

The Ombudsman considered that if the Authority had undertaken the correct due diligence and entered into a dialogue with Mr N himself (as opposed to communicating only with the firm involved in this matter) it would have uncovered other facts that would have raised concerns such as:

- The involvement of an unregulated introducer.
- The type of investments being made through the London Quantum Scheme - the fact that the forms signed by Mr N indicated that he was a sophisticated investor seeking a high-risk investment.
- It may also have revealed the names of some of the parties involved and their previous involvement in other schemes which have been publicly linked to pension scams.

Mr N had used the services of a lawyer to argue his case. This was on a fee basis, calculated as a percentage of the amount awarded. Mr N asked for his costs to be met by the Authority. The Ombudsman said that it was not appropriate for him to award costs for fees as Mr N could have

made his complaint to the Ombudsman without legal representation or incurring other advisory costs, or made use of the free help and guidance service offered by The Pensions Advisory Service.

Does this affect me? Points to consider

All cases are subject to the facts that apply to that case. The Ombudsman's determination was very specific to the facts that applied to Mr N, but there are some points arising from it that members may wish to think about in relation to their own situation:

- Did you transfer after the launch of the Regulator's Scorpion Campaign in February 2013?
- Did you receive the Scorpion leaflet from your transferring scheme or provider?
- Did your transferring scheme or provider carry out due diligence on the Optimum scheme? If they did, what did it uncover and did they share this with you? If they did not, why not?
- Did your transferring scheme or provider flag any concerns to you about the Optimum scheme?
- Did your transferring scheme or provider ask you further questions about your reasons for joining the Optimum scheme? For example, about your relationship, if any, to the sponsoring linked employer, whether you had taken regulated advice, whether an unregulated introducer was involved or whether you were offered or received any payment even if this was described as an incentive or a loan?

If, having considered these points, you have a concern that your previous transferring scheme or provider might not have taken all the steps they should have at the time, then you may have grounds to complain. It should be noted, though, that if the transferring scheme can demonstrate that it had carried out appropriate due diligence and provided a member with adequate information about the risks posed by pension scams or if you received any payments by way of incentives, loans or payments made before you reached age 55 then the Pensions Ombudsman might be less likely to find in your favour than he was in this case.

Process for taking forward a complaint

Any complaint that you feel you have regarding how your transfer to the Optimum scheme was managed by your previous scheme or provider should be directed to your previous transferring scheme or provider, not to the Optimum scheme.

There are rules and procedures regarding how complaints should be made and progressed through the Pensions Ombudsman. Mr N's complaint was concluded after all due process had been followed and roughly took two years from start to finish, including a full oral hearing (similar to a Court hearing) at which witnesses were presented in relation to the circumstances of Mr N's complaint. That is not to say that all cases will take this long, but a complaint like this involves a lot of facts.

The first stage is to approach the transferring scheme or provider to make a complaint. This may be through the occupational pension scheme's internal dispute resolution procedure (IDRP) or a provider's own complaints procedure, if it is a personal pension scheme. The Pensions Ombudsman's Early Resolution Service may also be able to assist you in resolving the issue informally.

There are time limits for bringing complaints under a scheme's IDRP - a "reasonable period" as the legislation describes it. The Regulator has set out guidance about "reasonable periods". What this guidance says is that for complaints to be made by a person who has (or claims to have) ceased to have an interest in the scheme, trustees or managers:

- Should set the time limit for making the claim as six months after having (or claiming to have) ceased to have an interest (and the Regulator would not normally expect an application received within this time to be refused).
- May agree to accept an application received outside the time limit. The decision-makers should, for example, consider accepting late complaints where the applicant could not reasonably have been aware of the matters in dispute, or for exceptional reasons such as incapacity.

This second point is quite important as you will need to set out why you were not aware until lately of the matter about which you are complaining. It also means that if you believe you have grounds for making the complaint the clock is running now.

Any complaint that you make must be considered in line with each scheme's own IDRPs. Providers will consider complaints in line with their own agreed complaints procedures.

If your complaint is rejected then you will be told what options are available to you. Generally, this would be a referral to the Pensions Ombudsman, if you are not satisfied with the outcome. You can contact The Pensions Ombudsman direct if you do not receive a reply to your complaint within a reasonable time. You can also contact The Pensions Advisory Service for general requests for information or guidance concerning your pensions arrangement.

You should be aware that the Pensions Ombudsman also has time limits for making complaints. A complainant must bring a complaint, or refer a dispute, to the Ombudsman within three years of the act or omission that is the subject of the complaint or referral.

However, again, where an individual was not aware of the act or omission causing the complaint, the Ombudsman may extend the limitation period so that the three-year period does not start to run until the earliest date that the person knew, or ought reasonably to have known, of the occurrence of the act or omission.

The Ombudsman has discretion to handle a complaint or dispute out of time, if he considers that it was reasonable for a complaint not to be made or a dispute not to be referred within the three-year period.

Help and costs

The complaints process (up to and including the Pensions Ombudsman) is designed to allow members to bring complaints and have them considered fairly and independently without the costs of taking the matter to Court. Often the process will seem complex, but free help is available through bodies such as The Pensions Advisory Service and the Citizens Advice Bureau.

Many commercial organisations such as CMCs and lawyers will seek to offer help and assistance to members and have various fee structures that they can apply. Whilst they may assist in formulating and presenting a case, the fee charged ultimately might be quite high. If the result of a successful complaint was reinstatement in the transferring scheme, no actual money will be paid directly to you. You would have your pension rights reinstated. The value of those rights would be the amount claimed.

For example, if you entered into an agreement on a 'no win, no fee' basis which paid a fee of 20% of the successfully recovered claim and if the reinstatement value of your pension was £200,000, then the fee due to the organisation representing you would be £40,000. Depending on how the arrangement was structured, there might also be VAT payable on top of that too. In this example you would be personally liable to pay £40,000 (plus any VAT) to the organisation as it cannot be

paid from the reinstatement value of your pension. Please consider how you would find such a fee if you were to decide to take up the offer of help on this basis.

It should be noted that if you pursue your claim via a Court it may agree to award costs. However, the costs and risks are higher going down this route. Determinations and directions by the Pensions Ombudsman are final and binding, subject to a right to appeal on a point of law only (you should also bear in mind that permission to appeal would first have to be granted by the Court).

We would emphasise the point that in this case the Pensions Ombudsman did not consider it appropriate to award costs as, in its opinion, the member could have pursued his complaint without instructing solicitors or other advisers. The Pensions Ombudsman highlighted free sources of advice for individuals in this area such as The Pensions Advisory Service and the Citizens Advice Bureau.