

Important Announcement to members of the following pension scheme:

WGF Ventures Retirement Benefit Scheme (“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.

On 1 November 2017 Dalriada was appointed by The Pensions Regulator 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.

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

Investments

From its enquiries, Dalriada has established that that the Scheme made payments totalling approximately £1 million to eight different investments. All of these purported investments are overseas, unregulated investment opportunities, which are wholly unsuitable for occupational pension schemes. The purported investments also appear highly illiquid (i.e. they cannot be readily converted to cash) and some have been placed into liquidation/administration.

The position in relation to each investment is as follows:

- DOS Palm Oil Production Limited (“DOS”) – The Scheme made payments of approximately £400,000 to DOS, which is purportedly a company based in Stratford which is now in liquidation. A recent liquidation progress report states that at present it is unclear whether realisations will be sufficient to declare a dividend to unsecured creditors. To date, no funds have been returned to the Scheme and it is unclear what value, if any, may be recovered in due course.
- Agroenergy Invest Pte Ltd (“Agro”) – The Scheme made payments of approximately £220,000 to Agro, which is purportedly a company based in Singapore. It is unclear if this entity is still trading. Dalriada and its legal advisors have found various alternative names and registrations for Agro but have been unable to make contact with the company or its representatives. To date, no funds have been returned to the Scheme and it is unclear what value, if any, may be recovered in due course.

- Residential Regeneration II Limited ("RRII") – The Scheme made payments of £67,000 to RRII, which is purportedly a company investing in property schemes in the UK. The investment was purportedly in secured bonds, but this is not reflected in information provided about RRII to Companies House. This company has been in liquidation since August 2019. While a Proof of Debt has been lodged, to date no funds have been returned to the Scheme and it is unclear what value, if any, may be recovered in due course.
- Manchester Terminal 2 Hotel Limited ("MT2") – The Scheme made payments of approximately £40,000 to MT2, which went into administration on 25 April 2018. A recent administrators' progress report states that, despite the successful sale of the business and assets of the company, it is anticipated that there will be insufficient realisations to enable a distribution to non-preferential creditors. While a Proof of Debt has been lodged, to date no funds have been returned to the Scheme and it is unlikely any value, if any, may be recovered in due course.
- Premier Children Services Ltd ("PCS") – The Scheme made payments of approximately £85,000 to PCS. This company has been dissolved since 26 February 2019, after having been in administration since December 2016. A recent administrators' report stated that it was anticipated there would be a distribution to the main secured creditor, who would then make payment to smaller secured creditors, which included the Scheme. Dalriada has however been advised that the sum of approximately £4,000 has been incorrectly paid to the former administrator of the Scheme. Dalriada have therefore been in correspondence with the former administrator in order to organise the return of funds to the Scheme. A dividend is therefore likely but would be substantially less than the initial payments made to PCS by the Scheme.
- World Forestry ("WF") – The Scheme made payments of approximately £70,000 to WF, which is purportedly a company that appears to be still under construction. WF has a very limited presence online and Dalriada has very limited documentation on the investment. To date, no funds have been returned to the Scheme and it is unlikely any value will be recovered in due course.
- Dolphin Capital GmbH – The Scheme made payments of £166,000 to Dolphin, now known as the German Property Group ("GPG"). The payments were purportedly an investment in three, 5-year corporate loan notes of varying maturity dates. The investments have returned some of the investment money back to the Scheme with a further repayment due in 2022. Dalriada have however been liaising with GPG in relation to other schemes who invested money in GPG and to which Dalriada have also been appointed by The Pensions Regulator. In November 2019 Dalriada were notified that GPG had appointed an independent restructuring consultant to help assist GPG with cash flow problems. Therefore, while the remaining investment is due to mature in 2022, Dalriada have some concerns over whether this repayment will be met by GPG. We continue to liaise with GPG on behalf of the Scheme.
- Ethical Forestry ("EF") – The Scheme made payments of approximately £30,000 to EF. Despite Dalriada's investigations, it is still unclear what the purported EF investment relates to, as there are several companies with this name. However it appears likely that EF is in liquidation and is subject to criminal investigation. Dalriada have been in correspondence with the liquidator, who are not yet in a position to accept creditors. Dalriada has lodged a Proof of Debt with the liquidator, but it is unlikely any value will be recovered in due course.

Only limited information has been provided to Dalriada in relation to the eight entities. It is unclear what value, if any, may be returned to the Scheme in due course. Dalriada and its advisors continue to correspond with the entities and any relevant liquidators/administrators in relation to the aforementioned transactions.

What is the current position with regard to 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. To date, 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.

Fraud Compensation Fund

In addition to the work detailed above, Dalriada and its advisors have commenced discussions with the Fraud Compensation Fund ("FCF") in relation to a number of similar schemes to which Dalriada has been appointed via orders from The Pensions Regulator. The FCF is a fund established under the Pensions Act 2004 to provide a level of compensation to occupational schemes under certain circumstances. In order for a scheme to make a claim under the FCF, a scheme must, amongst other requirements, have an insolvent employer and suffer loss that can be attributed to an offence involving dishonesty.

It is still unclear if any of the schemes, including the Scheme of which you are a member, will be eligible to avail of the FCF and, if so, what level of compensation would be provided. However, Dalriada believes that you should be aware of this ongoing work.

Pensions Ombudsman Decision

A decision made by the Pensions Ombudsman ("the Ombudsman") in respect of a scam scheme where Dalriada has been appointed as Trustee by The Pensions Regulator 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 which led to the Ombudsman's decision 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 The Pensions Regulator, 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 should draw to members' attention that this decision will also be considered by claims management firms and lawyers who may offer their services to members who have an ongoing, or 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 is 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, 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 then the Ombudsman's decision may differ from the decision in this case.

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 that you may have received in relation to your membership of the Scheme.

You can contact us as follows:

By Telephone: 0141 331 9943

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

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

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April 2020**

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 Pensions Ombudsman ("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 (now the Money and Pensions 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 Pension 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 scheme which you ultimately joined? 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 scheme which you ultimately joined?
- Did your transferring scheme or provider ask you further questions about your reasons for joining the 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 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 your scheme was managed by your previous scheme or provider should be directed to your previous transferring scheme or provider, not to the scheme of which you are currently a member.

There are rules and procedures regarding how complaints should be made and progressed through the 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 IDRP. 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 Ombudsman, if you are not satisfied with the outcome. You can contact the Ombudsman directly if you do not receive a reply to your complaint within a reasonable time. You can also contact the Money and Pensions Service for general requests for information or guidance concerning your pensions arrangement.

You should be aware that the 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 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 Money and Pensions Service and the Citizens Advice Bureau.

Many commercial organisations such as Claims Management Companies ("CMC") 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 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 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 Ombudsman highlighted free sources of advice for individuals in this area such as the Money and Pensions Service and the Citizens Advice Bureau.

Financial Conduct Authority ("FCA")

Dalriada would like to advise members that it may be open to you to make a claim through the FCA and the Financial Services Compensation Agency ("FSCS"). Therefore please consider whether you received any independent regulated financial advice prior to your transfer into the Scheme.

For your convenience we have provided a link to each of the FCA and FSCS.

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

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

Please note that Dalriada is unable to make any comment on the merits of any such claim and simply highlight this information for your consideration.

Claims Management Companies

In addition we are aware that a number of CMCs have made contact with members of the various schemes Dalriada have been appointed to, in order to assist with individual applications to the FSCS for compensation. CMCs are themselves regulated by the FCA. However, the whole point of the FSCS is that it should be easy for claimants to make claims for themselves. The 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 proportion of compensation to another party in return for assistance. If compensation is awarded then, 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.

As mentioned above while we cannot advise members on the merits of pursuing their own claims, we would ask that you bear the above in mind if you are contacted by, or are considering contacting, a CMC.

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 contact:

Money and Pensions Service
120 Holburn
London
EC1N 2TD

Telephone: 01159 659570

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

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

Dalriada and the 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. We will seek to make recoveries on behalf of the Scheme to the extent possible. 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 a member's interests to seek external help from third parties 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.