

Important Announcement to members of the following pension schemes ("the Schemes")

Incartus Investments Pension Scheme 1
Incartus Investments Pension Scheme 2
Incartus Investments Pension Scheme 3
Incartus Investments Pension Scheme 4
Incartus Investments Pension Scheme 5
Incartus Investments Pension Scheme 6
Incartus Investments Pension Scheme 7
Incartus Investments Master Pension Scheme

Background

Dalriada Trustees Limited ("Dalriada") wrote to you previously regarding your membership of one of the above named schemes. This is an update on the current position.

Dalriada has established that the Incartus schemes were used as vehicles to raise funding for Incartus Ltd ("Incartus"), previously Incartus Investments Ltd. Since our appointment our work has centered on recovery of funds and dealing with a number of governance issues identified following our appointment.

Membership Issue

There are 8 Incartus schemes in total. All funds transferred into the Schemes were invested initially into the Incartus Investments Pension Scheme 2 ("Scheme 2"). The intention was that members would be transferred to one of the other 7 schemes at a later date.

However, it is not clear that the previous administrators transferred members properly and, because each scheme (bar one) had a hard membership limit of 99 members, this has caused Dalriada some problems reconciling the membership and assets of the Schemes.

Dalriada has taken advice and is hopeful that it has a solution to this issue such that it can determine which members are members of which Incartus scheme. However, whilst significant, this is largely an administrative matter and does not impact on the benefits or otherwise members may ultimately receive from the scheme of which they are a member.

Because of the uncertainty over which scheme members belong to and, consequently, how the funds loaned to Incartus relate to which scheme, Dalriada is unable to produce scheme accounts at this

time. Once the membership position is finally clarified Dalriada will prepare accounts for each scheme.

Loan Recovery

As commented above the Schemes were used as vehicles to raise funding for Incartus Ltd. The Schemes' sole investments were in the form of a series of loans to Incartus, who then used the funds to invest in UK based property and oil and gas projects in the United States. The property portfolio is worth an estimated £13m, and some repayments have been made to the Schemes by Incartus as a result of the sale of part of the property portfolio. At this stage, we remain unclear whether the oil and gas investments are likely to generate sufficient return to enable Incartus to make the necessary loan repayments.

The use of unsecured loans as the sole investment for an occupational pension scheme is in breach of the Regulations which govern the way pension schemes are managed. It is Dalriada's intention to eventually wind up the Schemes and give members the option to transfer their funds to more appropriate arrangements. Following Dalriada's appointment, Incartus indicated that they intended to fully repay the loans to the Schemes, plus interest and a proportion of the costs associated with Dalriada's appointment.

As commented above, to date Incartus has paid back some £8.2m through sales from the property portfolio. Dalriada has taken its own advice as to the value of the property portfolio and is satisfied that the sale prices achieved to date are consistent with its own independent valuations. However, the ultimate value of future recovery across both investments is unknown and we cannot be certain as to when, and, indeed, if ever, Incartus will be in a position to fully repay the loans and, if not, the effect that this will have on members' benefits. We also do not know at this stage what future costs may be incurred in pursuing recovery and subsequently winding up the Schemes. The timescales for repayment are significantly beyond those suggested by Incartus at the time of our appointment.

To be clear, the Schemes have no direct ownership over the investments entered into by Incartus. Our interest is primarily to understand the value of those investments and whether they are likely to provide sufficient return to enable Incartus to repay the loans to the Schemes. Dalriada has taken, and continues to take, advice on this point.

Whilst we have given Incartus the opportunity to make the necessary repayments to the extent that this represents the best chance of maximising recovery, it is not a position that can be allowed to continue indefinitely. If we feel that Incartus is not likely to be able to make the necessary repayments in a reasonable time frame, Dalriada will ultimately consider alternative options for making recovery in the event that it looks like any funds returned to the Schemes will fall short of the full amount due.

Until we have some certainty as to when and if Incartus are going to be able to repay the loans, we are not in a position to give members an indication of the value of their benefits.

Websites and Governance

Dalriada has set up a dedicated member website. Member Announcements and relevant Scheme documents, including previous annual Chairman's Statements, are available to view and download:

<https://www.dalriadatrustees.co.uk/scheme/incartus-investments-pension-scheme/>

As commented above, when Dalriada is able to prepare accounts these will also be uploaded.

Financial Advice

The records provided by the previous trustee indicate that members may have received advice from a number of regulated advisers, the majority of which are no longer trading.

It is our understanding that members may have initially dealt with a company called FM Investment Services. This is the trading name of Felicitas Management Investment Services Ltd, a company based and regulated in Cyprus.

Other companies we are aware of include The Ntrust Group Limited, Gerard Associates Ltd, Unique Partnership Ltd and St. Martin's Partners LLP (but there may have been others).

Dalriada would encourage members to review any paperwork they hold to try and identify whether you were provided with any form of written advice, for example, an investment report.

Should this be the case, the Financial Services Compensation Scheme (FSCS) **may** consider claims with regard to those firms who provided that advice, provided they were regulated and are no longer trading.

Whilst each claim is considered on its merits and we cannot say that the FSCS will definitely accept your claim, if you have received regulated advice, you should consider making a claim on the FSCS. More detailed guidance is provided in the next part of this Announcement and Dalriada will be happy to assist members where it can.

We understand that the FSCS has already begun making payment to some of those who have submitted claims already.

Making an FSCS Claim

If you are unhappy with a financial product or service that may have been provided to you, and that firm or individual was authorised (or 'regulated'), at the time, by the Financial Conduct Authority (FCA), then you are able to complain to the firm or individual directly. This is the case where the firm or individual is still trading. There is a link below to the FCA's guidelines on how to complain:

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

However, as commented above, we believe that the majority of firms that provided advice to members of the Incartus schemes are no longer trading (or have 'failed'). The FSCS can consider

claims against those firms.

To consider claims against a 'failed' firm, the FSCS may first need to be satisfied that customers have 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 authorised (or 'regulated'). You can check the status of your adviser on the FCA register.

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

If your adviser was not FCA regulated when you transferred your pension, we understand that the FSCS can't compensate you.

However, if your adviser was FCA regulated, is no longer trading, and you believe you were wrongly advised to transfer your existing pension, you are able to submit a claim to the FSCS. The firms we mentioned earlier (Ntrust Group Limited, Gerard Associates Ltd, Unique Partnership Ltd and St. Martin's Partners LLP) were all regulated.

The FSCS look to make the claims process straightforward and you should be able to make a claim without the need for assistance or advice from third parties (in particular, Claims Management Companies (CMCs), who will almost always look to take a share of any compensation payment you might receive from the FSCS).

If you have a valid claim, you should be able to obtain compensation without losing any of that compensation to other parties. More guidance as to the claims process can be found on the FSCS website at the following link:

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

Cautionary Points

Dalriada has been contacted by a number of CMCs looking to assist members with applications to the FSCS for compensation.

We would stress that the FSCS look to make it straightforward for individuals to make claims 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 any compensation to another party in return for assistance.

The fees charged by CMCs can be significant, often 20% or more of the amount of compensation paid. If you are approached by a CMC, we would encourage you to be cautious and think carefully whether you really need assistance from such a company.

Dalriada has a working relationship with the FSCS and will give them and you as much assistance as possible in working through the claim process. It might be helpful if you reference Dalriada in submitting your claim such that the FSCS can come to us directly should they require more information.

The FSCS will itself provide guidance on what you need to do in order to make an application for compensation.

Some further points to note with regard to FSCS claims:

- As commented earlier, we cannot guarantee that an FSCS claim will be successful. Each application will be considered based on the facts relevant to that claim.
- It could take some time for applications to be considered and a decision reached.
- If compensation is paid, it will be capped. The maximum cap currently is £85,000 per individual but might be less than this, depending on when the adviser in question 'failed'. Any cap will impact on those members whose transfer value paid into a scheme was greater than the cap amount.
- If you receive compensation from the FSCS and later are due monies from the scheme, some, or even all, of those monies due from the scheme may have to be paid to the FSCS (i.e. so members are not effectively paid twice).
- You may need to consider taking independent financial advice to the possible tax consequences of receiving a compensation payment from the FSCS. Neither Dalriada nor the FSCS can provide financial advice. However, the following link can assist you in finding a suitable adviser:

<https://www.fca.org.uk/consumers/finding-adviser>

Cold Calling

We have been made aware of members receiving cold calls about their pension, often leading to approaches by CMCs, as noted above.

Since January 2019, there has been a ban on cold calling about pensions (unless you have consented to receive such calls, it is from the trustee or manager of your scheme or you have an existing relationship with the caller). Companies that make unwanted, unsolicited approaches via phone calls may face enforcement action, including fines.

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

We have also been made aware of cold callers pretending to represent or work for CMCs or indeed Dalriada. We understand that some of these cold callers have requested an immediate cash payment in exchange for continued assistance.

Please note that Dalriada would **never** make such a request and any such call should be reported as per the guidance above and to Dalriada.

Business Continuity

We have taken appropriate measures to ensure the wellbeing of staff and our ability to continue to supply services.

However, we may, on occasions, be unable to access member files, which we took on from the previous administrators and are held in secure, offsite storage.

This may impact on our ability to provide evidence to support members' individual FSCS claims (or, indeed, to confirm whether or not we hold the relevant documentation).

Should this be the case, we would advise you and FSCS accordingly and may result in a delay in processing a claim.

Pensions Ombudsman Decision

Members may already be aware of a Pensions Ombudsman determination made in 2018. In the case in question the member made a complaint against the scheme that transferred his benefits to what turned out to be a scam.

The grounds for his complaint were that the Northumbria Police Authority (who were responsible) transferred his pension without having conducted adequate due diligence and failed to provide him with sufficient warning, as set out in The Pensions Regulator's guidance, about the threat of pension scams.

The Ombudsman ordered that the member should have his benefits reinstated by 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/>

Complaints such as this are very much dependent on the facts of the case. Given that, we cannot comment as to the merits of members making complaints against their previous schemes or providers or say whether any complaint would ultimately be upheld by the Ombudsman. However, members may wish to consider their own situation and whether there are grounds for making a similar complaint.

We would highlight that this approach is also one that CMCs are alive to. As with FSCS claims, there is no need for members to use the services of a CMC to progress a complaint against a transferring scheme and, ultimately, with the Pensions Ombudsman.

In the case in question, 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 required meet the legal costs himself.

What should I do if I have further questions?

Should you have any queries in relation to this Announcement or to your membership of the Schemes, please contact us.

You can contact us as follows:

By Telephone: 028 9041 2002

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

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

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