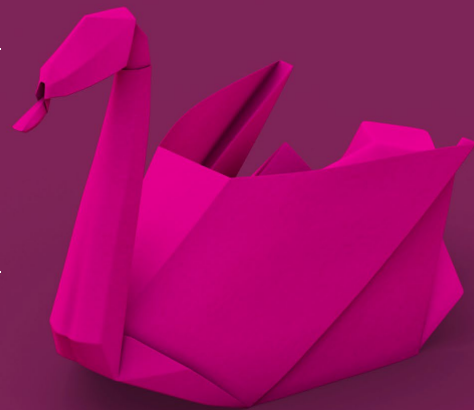

BWFS Occupational Pension Scheme ("the Scheme")



Dalriada. A better way

Important Announcement to members of the Scheme

We are writing to you again as we believe you may have joined the Scheme and transferred-in pension benefits from a previous arrangement. The purpose of this Announcement is to update members on the actions being taken by Dalriada Trustees Limited ("Dalriada") since our appointment and on the situation regarding an application on behalf of members of the Scheme to the Fraud Compensation Fund ("FCF").

Dalriada's appointment was due to concerns over the use of Scheme funds and the purported investments made by the previous trustees of the Scheme. The former trustees of the Scheme were Mr Michael Stanley and Mr Paul Green. Neither of the former trustees have had any role in the governance of the Scheme since Dalriada's appointment as independent trustee by The Pensions Regulator ("TPR") on 25 March 2022.

Background

On 17th May 2012, Black & White Financial Solutions Ltd ("BWFS"), the Scheme's sponsoring employer, was incorporated. Mr Green and Mr Stanley were, initially, the only directors and shareholders of the company. BWFS was unregulated and the nature of its business was stated as 'pension funding' at Companies House. We understand that BWFS contacted potential clients to offer a 'review' of their pensions.

At an oral hearing before The Pensions Ombudsman ("TPO") on 25 November 2021, Mr Green indicated that BWFS' initial business model was to create leads, as an unregulated introducer, for Gladstone Associates Provident Ltd ("Gladstone"), a company registered in Belize. Mr Green told TPO that Gladstone was unable to accept a number of these leads, which led Mr Stanley set up the Scheme in May 2013, with him as sole trustee. Mr Green was later appointed as sole trustee in February 2014, after Mr Stanley had been made bankrupt. However, we understand that Mr Stanley remained heavily involved with the Scheme.

Members were admitted to the Scheme between August 2013 and September 2014, with funds being transferred to the bank account of BWFS, before being paid across to the companies listed overleaf.

Member Announcement

Dalriada has not received a complete set of administration records or a full set of the documentation necessary for the ongoing operation and management of the Scheme. Further, at the time of our appointment there were no liquid assets or cash in the Scheme, meaning that Dalriada is limited in the actions it can take to pursue recovery.

Investments

On its appointment, Dalriada undertook to investigate the suitability of the purported investments and recovery any funds possible. Dalriada attempted to make contact with the various parties that received Scheme funds, as well as the former trustees. As of the timing of this Announcement the former trustees and the connected parties have provided no meaningful assistance to Dalriada.

While Dalriada still needs to complete a full financial reconciliation of the bank accounts connected to the Scheme, we understand that the former trustees entered into seven loan agreements for a total of £858,679.38, which appear to have been executed between December 2013 and June 2014. There is no evidence that the former trustees performed any due diligence or obtained independent investment advice before investing in these entities.

From the information available Dalriada understand Scheme funds were invested as follows:

Investment	Comment
Loxwood Real Estate Ltd ("Loxwood")	<p>Loxwood was originally incorporated as Tillingbourne Capital Limited on 24 July 2013, and was dissolved on 15 June 2021. The director was a Mr Gordon Neville Laurie.</p> <p>The company is described in their brochure as a "property development and investment company focusing on areas of strong demand and growth in the mid-to-high end property market within central London and the Home Counties."</p> <p>Dalriada has attempted to make contact with Mr Laurie on several occasions, but we have received no response. As this company is now dissolved there is unfortunately no scope for any recoveries in relation to this investment.</p>
Prosperity Global Partners Limited ("Prosperity")	<p>Prosperity appears to be a company based in Hong Kong, that was incorporated on 31 December 2013 and dissolved on 9 June 2017. In its brochures, it described its product as intended for "experienced and institutional investors", investing funds in a range of foreign exchange, contracts for difference and other strategies with an aim to provide a fixed return over a minimum of 10 years.</p> <p>Dalriada hold very little information in relation to this investment and unfortunately due to the company dissolving five years ago, we do not foresee any recoveries being made in relation to this investment.</p>
Albury Capital Limited ("Albury")	<p>Dalriada's financial analysis shows that approximately £211,000 was transferred to this company, which we believe was supposed to be received by Loxwood.</p> <p>Albury Capital Limited was incorporated on 15 March 2013 and was dissolved on 20 August 2019. The director was Mr Gordon Neville Laurie (of Loxwood) whom again Dalriada have made several attempts to contact for further information. Dalriada hold no information regarding these payments or what they were for. We do not foresee any recoveries being made in relation to this investment.</p>

Member Announcement

From the information available, it appears that BWFS received commission payments in respect of these investments from Gladstone, totalling approximately £140,000. There is no evidence that members were aware of these commission payments being made, which represented the only significant income received by BWFS over the relevant period. Bank records show that over this period substantial transfers from the BWFS accounts were paid to the former trustees and others connected with BWFS.

The Pensions Ombudsman

TPO recently upheld complaints made by four members of the Scheme made prior to Dalriada's appointment. The Ombudsman upheld the complaints by finding that Mr Green and Mr Stanley had committed multiple breaches of trust and many acts of maladministration, which had caused the likely loss of the members' pensions.

A link to the full determination can be found here:

<https://www.pensions-ombudsman.org.uk/decision/2022/po-26647/bwfs-occupational-pension-scheme-po-26647>

TPO directed that Michael Stanley and Paul Green should repay the Scheme the aggregate total of sums invested (£825,210.32) plus interest, less an amount to take account of sums already paid to certain members. Whilst this decision was very much welcomed, it is not expected that either Mr Stanley or Mr Green will have assets to pay the sums owed.

Please also note that Dalriada were not party to the proceedings but did receive a copy of the final determination from TPO once it was handed down.

Fraud Compensation Fund ("FCF")

Ultimately the best chance of any significant recovery to the Scheme may be through a claim for compensation to the FCF. The FCF is a fund, managed by the Board of the Pension Protection Fund ("PPF"), that provides compensation where schemes have suffered a financial loss as a result of dishonesty.

While the FCF are not bound by the findings of TPO, we hope the TPO determination will be valuable as evidence to establish that the Scheme suffered a financial loss due to an act of dishonesty.

Dalriada is working closely with the FCF to ensure all requirements for an application are met, however it must be noted that the FCF is a compensation fund of "last resort". This means the FCF will need to be satisfied that no further recoveries can be made, or that the costs and/or time likely to be incurred pursuing any recovery would outweigh any potential returns.

There are other technical conditions that need to be met before a scheme will be considered eligible to make a claim. The Scheme does not yet meet all of the FCF's pre-conditions for eligibility, but we have submitted an initial application to the FCF (with formal evidence to be submitted next year) and will update members in due course, as matters progress.

We have added a Frequently Asked Questions document on Dalriada's website, which provides further information on the FCF. You can find a copy by accessing the link below or by visiting the FCF's website at www.fraudcompensationfund.co.uk.

FAQ Document: <https://www.dalriadatrustees.co.uk/wp-content/uploads/2022/05/FCF-FAQ.pdf>

General Data Protection Regulations (GDPR)

Previously, organisations were required to comply with the Data Protection Act 1998. This Act governed the collection, storage and use of personal data held electronically or in paper records.

Member Announcement

It provided guidelines on how companies should create, store, handle or view personal data. From 25 May 2018, this Act was replaced by the General Data Protection Regulations which came into direct effect across the EU. The UK will continue to comply with these regulations following Brexit.

Dalriada Trustees Limited, as trustee of the Scheme, has a policy for meeting our obligations under GDPR. Please see link to our full Privacy Policy below:

<https://www.dalriadatrustees.co.uk/privacy-policy/>

We would like to draw your attention to the following key points:

- Individuals have increased rights under the GDPR in relation to their personal data which include, in certain circumstances, the right of access to data and rectification and erasure. We hope you understand that we need to hold your data to be able to determine any benefits and to answer any questions about your entitlement.
- The general management and administration of the Scheme, including responding to Subject Access Requests ("SAR"), incur costs against the Scheme and therefore, should you wish to make a SAR, we would ask you to call Dalriada in the first instance on the number provided below.
- Where a SAR is received from a third party on behalf of a particular member, Dalriada's obligations are to provide the necessary information to the data subject directly (i.e. to the member). Therefore, we would ask that where a member is pursuing a claim through a third party, that the member contact Dalriada in the first instance.
- This GDPR notification does not affect your benefits entitlement in any way.

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

Until we know the to what extent the Scheme may be compensated by the FCF, it is not currently possible to provide transfer values, make any benefit payments from the Scheme, or indicate what level of benefits might be payable to members in the future.

Scheme Costs

Members should be aware that the Scheme has inevitably incurred, and will continue to incur, significantly higher costs than would be the case for similarly sized conventional schemes. This is typical when dealing with schemes of this nature that have been mismanaged by previous trustees, and where TPR has seen fit to intervene and appoint a professional trustee to take appropriate, necessary actions.

Dalriada has and will continue to report on costs accrued in its annual Chair Statements. Copies of the relevant documents can be accessed via the Scheme's website (below)

As the majority of the costs incurred by both Dalriada and our legal advisers are attributable to dealing with the fraud and/or dishonesty offences involved, these costs will form part of the compensation claims on the FCF, if those claims are ultimately successful.

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 website can be found below:

<https://www.dalriadatrustees.co.uk/scheme/bwfs-occupational-pension-scheme/>

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 9592 6382

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

By Email: bwfsadmin@dalriadatrustees.co.uk

Issued by Dalriada Trustees Limited

November 2023