
**Cranborne Star Pension Scheme
Grosvenor Parade Pension Scheme
Tallton Place Pension Scheme
The Lancaster Pension Scheme
The Portman Pension Scheme
Woodcroft House Pension Scheme**

(the Schemes)



Dalriada. A better way

Update

The tax tribunal came to an end on Thursday 15th December 2022.

We do not expect to know the outcome for a number of months. As soon as the decision is handed down, we will issue a further Announcement to confirm what it means for members.

With regards to the hearing itself, irrespective of members' own circumstances and whether or not they felt they were misled as regards their membership of the Schemes, it is HMRC's view that members remain liable for tax, by way of unauthorised payment charges, whether or not they repay any monies they received personally by way of an MPVA loan or whether the individual(s) they notionally 'loaned to' repay their MPVA loans.

As we have set out previously, HMRC's view is that a tax charge is levied on the member(s) who 'made' the loan(s). They consider that each loan was an unauthorised 'payment' as it was made 'in respect of' that member(s) in anticipation that they would receive a 'reciprocal' payment from an identified member(s) of another scheme.

For HMRC's argument to succeed the tribunal needs to be satisfied that there was a clear intention on the part of those devising the Ark schemes that individual members of one scheme were 'matched' with a particular member (or members) of one of the other schemes. Dalriada argued, supported by witness evidence, that this was not the case and that loans made between schemes were at a scheme level.

Again, as we have commented in earlier Announcements, there were a number of categories of member, for example, those that had both 'made' and 'received' loans and those that had only either 'made' or 'received' a loan. Each category of member was considered during the Tribunal proceedings. For two of the categories, there were volunteer test members who made their own submissions and were represented at the Tribunal. However, beyond points specific to their own individual assessments, the arguments made on behalf of those two members were consistent with the arguments made by Dalriada.

Member Announcement

Whilst Dalriada was appealing the tax charges levied against the Schemes themselves (the Scheme Sanction Charges), because of the link between the scheme tax charges and member tax charges, if Dalriada is successful in its appeal, members should benefit as their individual tax charge will then be calculated in line with HMRC's alternative position (so in line with the annual assessments). This means that members who received an MPVA loan will still be required to pay some level of tax, but at a lower level than proposed by HMRC. Members will continue to have to pay tax until any MPVA loan they received is repaid.

As you will be aware, in 2017 the Courts were satisfied that there was merit in Dalriada taking steps to recover the MPVA loan payments and Dalriada requested that MPVAs were repaid to the appropriate scheme at that time.

Fraud Compensation Fund

As set out in previous Announcements, Dalriada participated in legal proceedings with the Pension Protection Fund ("PPF") to determine a number of issues around eligibility for suspected fraudulent schemes (like the Schemes) to make claims on the FCF

The court action was a necessary first step to determine if the Schemes (and numerous others in a similar situation) were eligible to make claims on the FCF in the first instance. The subsequent judgment found that schemes (again, like the Schemes) are able in principle to make a claim and we are now working with the FCF with regard to the information they require to determine if the Schemes are eligible for compensation and, if so, how much that compensation will be.

The basis of any claim on the FCF is that a scheme has to have suffered a financial loss that can be attributed to an offence involving dishonesty and this can include any loss arising as a result of the costs incurred by Dalriada in dealing with those acts of dishonesty.

Our 22nd Announcement (available on the members' website) provides information about the case and what the judgment means for members.

We will update members as matters progress with the FCF, but it will likely be some time before there is clarity as to whether claims will be successful and, if so, how much compensation the Schemes might receive. The FCF is a fund of last resort which means the FCF will need to be satisfied that no further recoveries can be made, or else, that the costs and/or time likely to be incurred pursuing any recovery would outweigh any potential return.

Members should be aware that it is not certain that the FCF will find that offences of dishonesty have been made out. This means we cannot provide any assurances that claims will be successful, despite us presenting as comprehensive and compelling a case as we can, based on the evidence we have.

We would say, also, that any FCF compensation is paid to the scheme, rather than direct to members which is why Dalriada is progressing claims on behalf of all the schemes and their members. Members do not need to submit individual claims nor do members need to employ or engage a third party to submit claims on their behalf as this will duplicate the work that Dalriada is doing. Members should treat with caution approaches from third parties claiming that they can assist members with an application to the FCF.

More information can be found by visiting the FCF's website at www.fraudcompensationfund.co.uk

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 9041 2756

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

By Email: ArkAdmin@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

Issued by Dalriada Trustees Limited

December 2022

Dalriada. A better way	Belfast T: +44 (0)28 9041 2018	Bristol T: +44 (0)117 959 5000	Leeds T: +44 (0)113 426 4489	Manchester T: +44 (0)161 641 6313
	Birmingham T: +44 (0)121 389 2320	Glasgow T: +44 (0)141 331 1053	London T: +44 (0)20 7495 5515	dalriadatrustees.co.uk

   

Signatory of:

