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Incartus Investments Master Pension Scheme
("the Schemes")



Dalriada. A better way

Background

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

As you will recall, the Schemes were used as vehicles to raise funding for Incartus Ltd ("Incartus"). The Schemes' sole investments were in the form of a series of loans to Incartus.

Incartus subsequently used the funds to invest in a portfolio of UK based property and a number of oil and gas projects in the United States. 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. Whilst Incartus indicated early on that they intend to fully repay the loans to the Schemes, their ability to do this depends on the return generated by the property and oil and gas investments. However, the Schemes have no direct control over those investments as they relate to investments made by Incartus.

As you may already be aware Incartus remains some way off repaying the loans owed to the Schemes in full. To date Incartus have only repaid c. £8.7m with total funds still owed in excess of £16.5m. A failure by Incartus to repay the remainder of the loans owed would result in a substantial investment loss to the Schemes and so would impact on member benefits. Given the ongoing uncertainty surrounding whether or not Incartus can ultimately repay the loans in full we have been unable to calculate what level of benefits might be payable to members.

Incartus had indicated that they would provide us with a detailed plan for repaying the outstanding monies to the Schemes and make a first payment by the end of June but failed to do so. At the same time we served the formal notice on Incartus on 29 June 2022 in accordance with the Terms and Conditions of the loans agreements, seeking repayment of all the loans made by the former trustees on behalf of the Schemes to Incartus, together with interest accrued at the rate of 8% per annum. As the trustee is required to give 12 months' notice this means the repayment date for the loans plus interest is 30 June 2023.

Member Announcement

At the same time as we served the formal notice on repayment of the loans, we also reiterated our request to Incartus for detailed information about the source of the funds to support the proposed repayment plan and the timing of the proposed payments. We also asked for a detailed update on the oil and gas investments. We continue to liaise with Incartus as to the loan amounts owed.

If Incartus provides a sensible proposal for repayment, with supporting evidence which persuades us there is a reasonable likelihood that they will deliver on it, and that proposal runs a little beyond June next year (by which time we would have visibility as to whether they were actually delivering on their proposal) we would not enforce the 30 June 2023 repayment date, if doing so would prejudice further meaningful recoveries for members.

If by 30 June we have not seen meaningful progress on repayment of the outstanding amounts and believe that full repayment is unlikely, we will take appropriate steps to legally enforce recovery of the outstanding amounts from Incartus to the extent it is possible to do so. If Incartus is unable to make the repayments of the loans and interest in full at that stage, this may result in the insolvency of Incartus.

Fraud Compensation Fund

In the event that Incartus becomes insolvent we will look to submit a claim on the Fraud Compensation Fund ("FCF") which is managed by the Pension Protection Fund.

As set out in our last Announcement, Dalriada participated in legal proceedings with the Pension Protection Fund to determine a number of issues around eligibility for suspected fraudulent schemes (like the Scheme) to make claims on the FCF.

The judgment was handed down on 06 November 2020. Our Announcement (posted on the members' website) provides information about the case and what the judgment means for members.

The court action was a necessary first step to determine if the Schemes (and numerous others in a similar situation) was 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 a claim on the FCF is that a scheme has suffered financial loss that can be attributed to an offense involving dishonesty.

We will update members as matters progress with the FCF, but it will likely be some time before there is clarity as to whether a claim will be successful and, if so, how much compensation the Scheme 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.

There are a number of complications around making applications to the FCF. This means they have several stages to be worked through, and it is also not certain that the FCF will find that offences of dishonesty have been made out, even in situations where members might consider, on the face of it, that they have been scammed. This means we cannot provide any assurances that a claim will be successful but we will put forward as comprehensive and compelling a case as we can based on the evidence we have. We will update members when we can as the situation progresses.

We have also added a Frequently Asked Questions document on the Scheme 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

<https://www.dalriadatrustees.co.uk/wp-content/uploads/2022/12/FCF-FAQ-2.pdf>

Member Announcement

Fraudulent Letter

We have been made aware of a fraudulent letter sent to members of another pension scheme to which Dalriada was appointed independent trustee by The Pensions Regulator. The letter claims to be from David Copeland, as a Director of Dalriada, and asks members to call a telephone number provided in the letter to discuss claims. Please note this letter did not come from Dalriada and the telephone number is not a Dalriada telephone number.

If you have received recent correspondence which appears to be from Dalriada, asking you to 'make a claim' in a limited timeframe, this letter is bogus. PLEASE DO NOT CALL THE NUMBER. If you do call the number, you will likely be asked to make a payment or asked to provide personal information. Again, please DO NOT DO THIS.

Dalriada has taken this matter very seriously and has filed a report with Action Fraud and the police (Police Service of Northern Ireland (PSNI)).

If you have received the letter and/or have called the number, please get in contact with Dalriada and report the matter to Action Fraud as soon as possible. You can contact Action Fraud on:

Telephone number: 0300 123 2040

Crime Number: NFRC210504481800 (please include this if you make contact).

PSNI has advised that the matter should also be reported to your local police and the same crime number should be used when reporting to them.

Dalriada's legitimate contact details can be verified on our website. In light of this recent fraudulent letter, for your security, we would prefer members to contact us by e-mail in the first instance and, if necessary, we will call you back. If you do contact us by telephone, you should use the number shown in the 'What Should I Do If I Have Further Questions?' section below or, otherwise, a number that you can find and verify on the Dalriada website or on the schemes' website page.

To be absolutely clear, Dalriada will NOT ask you to make any payment and/or to disclose sensitive personal information. If you receive a call from (or make a call to) someone saying they are from Dalriada and who asks you for money or to disclose personal information, this is a scam and you should hang up and report the call to us and Action Fraud, as set out above.

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 2002

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

By Email: incartusadmin@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

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Signatory of:

