
Important Announcement to members of the Westminster Pension Scheme ("the Scheme")



Background

This is the third Announcement to members.

As you are aware from previous Announcements issued to members, Dalriada Trustees Limited ("Dalriada") was appointed as trustee to the Scheme on 12 January 2017. This followed a warning notice issued by The Pensions Regulator (TPR) on 8 December 2016 stating that they were proposing to appoint an independent Trustee under section 7 (3)(b) of the Pensions Act 1995. The appointment came amid concerns that the Scheme was being used as a vehicle for pension liberation and that the Scheme was not being properly run. Dalriada was therefore appointed to protect the interests of the membership.

Because it is an independent Trustee, Dalriada is not linked in any way with the original trustees or promoters of the Scheme. All powers and rights are now held by Dalriada.

Dalriada replaced the original trustees of the Scheme, a company called Thames Trustees Limited. Prior to Dalriada's appointment Thames Trustees Limited had already been placed into compulsory liquidation, therefore initial contact was made via the Insolvency Service.

Calculating members' benefits

In order to place a value on your benefits held within the Scheme we need to understand the following:

- The final value of the Scheme's investments
- The impact of any tax charges
- Scheme costs and how they can be fairly apportioned amongst members

In the likely event that in accounting for the above there is a loss suffered to members' benefits, the value of members' benefits will in turn be dependent on the success or otherwise of a claim on the Fraud Compensation Fund.

Until we have clarity on each of these points we cannot value members' benefits or issue statements of benefits. This applies to all members equally.

Ultimately though, it is Dalriada's intention to transfer members' funds to a new arrangement (an authorized master trust), to policies in members' own names.

Fraud Compensation Fund (FCF)

As per the last Announcement issued to members in November 2020, the FCF (managed by the Board of the Protection Fund ("the PPF")) is open to claims by occupational pension schemes that have suffered a loss as a result of an offence involving dishonesty. Dalriada is now working with the FCF to determine if the Scheme is eligible for compensation.

We will update members as matters progress with the FCF. However, there are a number of steps in the process and therefore 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. For instance, 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 also certain technical matters that need to be addressed before an application can be submitted.

Therefore, the timing and/or outcome of any claim may be dependent, amongst other things, on resolving matters in relation to the remaining investments. In the event that the Scheme is eligible for compensation, Dalriada will work with the FCF on the extent to which recovery actions on the investments continue to be pursued. However, Dalriada has provided an update on the current position of the remaining investments in the next section of this Announcement.

When a claim is submitted it can take up to eighteen months for that claim to be determined. However, Dalriada would ensure that all the necessary information to the FCF is provided and responded to any queries as far as we can such that, when it is possible to progress any claim, this can be done as quickly and efficiently as possible.

For any claim to be successful there must be evidence that a scheme has suffered a financial loss that can be attributed to an 'offence involving dishonesty'. It is not certain that the FCF will find that offences of dishonesty took place. 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.

Investments

The Scheme members were subcategorized into two types – 'W' members and 'V' members.

'W' members' funds totaling £379,000 were used to purchase shares valued at £2.6m via Prime Capital Associates Limited, a company registered in the British Virgin Islands. The underlying investment is in a property development in Mauritius that has never been built. Work is ongoing to secure the engagement of relevant parties so that we might assess the level of recovery likely in each assessment. Members should however be aware that due to the nature and liquidity of these investments, it is unclear what return, if any, is likely to be generated.

'V' members' funds were used to fund an investment in 42 plots of land in Lehigh Acres, Florida. The land cost totaled £532,500.

This was an unsuccessful investment in property development affected by the financial crisis. The land is uninhabitable without extensive excavation, at a high cost, with a number of the properties having liens attached by the Florida State. Former trustee, Roger Bessent, contacted the Insolvency Service sharing documentation received from the Florida Courts.

On receipt of this documentation, Dalriada has established that the liens attached by the Florida State are the Florida equivalent of recovery proceedings for unpaid Rates. This means that the properties have been sold at auction or are in the process of ultimately being sold at auction.

Dalriada has contacted the Florida Court to establish what funds, if any, may be recovered on behalf of the Scheme. Whilst we are satisfied that the process means that the properties are sold at or above market value, unfortunately it is not anticipated that any significant sums will ultimately be recovered to the Scheme when compared to the original amount invested. To date we have received a total of £142,000 against the land cost of £532,500. We are awaiting confirmation on final claims, but again do not expect that the remaining funds to be paid will be substantial.

Besides the two purported investments detailed above, no further investments were made, and Dalriada understands that the previous trustees directed investment decisions without seeking appropriate investment advice.

Serious Fraud Office

Previously we have also mentioned that The Serious Fraud Office (SFO) had opened an investigation into a number of schemes, including the Westminster Pension Scheme. We had encouraged members of the Scheme to engage with the SFO in completing a questionnaire to assist with their investigations.

The SFO have discontinued their investigation into the Westminster Pension Scheme and we understand that those members who replied to their questionnaire and/or were interviewed by one of their investigators were notified of this already

Unfortunately, this means that those who engaged will no longer be considered victims in the ongoing investigation being made by the SFO. For avoidance of doubt this does not mean that Dalriada will cease our own actions. Dalriada will continue to pursue recovery of Scheme assets on behalf of the members and proceed with the claim on the Fraud Compensation Fund as noted above.

Scheme Costs

Usually, where a scheme is an occupational scheme, some, if not all, of the costs of running the scheme would be met by the employer (or sponsor). In this case, the sponsor was a dormant company with little assets. This means that the costs of the previous trustees and its administrators and advisers, as well as Dalriada's costs and legal fees, have been and will continue to be met from the Scheme's funds.

Members should be aware that the Scheme has inevitably incurred, and will continue to incur, significantly higher costs than would be the case for a similarly sized conventional scheme. This is typical when dealing with schemes of this nature that have been mismanaged by previous trustees, and where The Pensions Regulator 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 Report and Financial Statements, and in its annual Chair Statements. Copies of the relevant documents can be accessed via the Scheme's website:

<https://www.dalriadatrustees.co.uk/scheme/westminster-pension-scheme/?type=documents>

As the majority of the costs incurred by both Dalriada and our legal advisers are attributable to dealing with the potential dishonesty offences involved, it is anticipated that these costs will form part of the claims on the FCF. Consequently, the costs will have a substantially reduced impact on members' benefits, in the event of a successful claim.

Member Data

At the initial stages of our appointment Dalriada engaged with the Insolvency Service with the view of receiving access to Scheme documentation, such as the member-based data and governance documentation.

Unfortunately, due to the actions of the former trustees and the subsequent liquidation of the company it has not been possible to receive copies of the relevant member files.

We would therefore be grateful if members could supply copies of all correspondence or other communications which you may have received in relation to your membership of the Scheme, if you have not already done so by way of response to a previous Announcement. We can accept scanned copies via email (directly to westminsteradmin@dalriadatrustees.co.uk) or the information can be posted to the address given at the end of this Announcement.

Administration

Dalriada maintains the dedicated email address and telephone number noted at the foot of this Announcement. Dalriada has also set up a dedicated member website, a link to which has been provided below.

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

Dalriada will make available through the website copies of all Announcements, alongside any relevant governance documents such as the annual Chair Statements.

Data Privacy Notice

Dalriada has prepared a statement which sets out how, in its capacity as Trustee, it handles personal information in compliance with Data Protection Legislation.

A copy of the Data Privacy Notice can be found on the website set up for members, or via the link below:

https://www.dalriadatrustees.co.uk/wp-content/uploads/2020/01/Data-Privacy-Notice_-1_March-2024.pdf

Future correspondence

Going forward, it would be helpful to correspond with members via email. We would therefore be grateful if you could contact us either by email or telephone (relevant details noted below) in order to provide your email address.

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 2003

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

By Email: westminsteradmin@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

September 2024