

Ombudsman's Determination

Applicant	Mr N
Scheme	Arriva Money Purchase Scheme (the Scheme)
Respondent	Aon Consulting Limited (Aon)

Outcome

1. Mr N's complaint against Aon is partly upheld. To put matters right, Aon shall pay Mr N £1,000 in recognition of the serious distress and inconvenience which he suffered dealing with this matter.

Complaint summary

2. Mr N complained that Aon was negligent when agreeing to transfer the benefits in the Scheme to the Capita Oak Pension Scheme (**the Receiving Scheme**).

Background information, including submissions from the parties

3. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were other exchanges of information between the parties.
4. Mr N is represented by Money Redress Limited in connection with his complaint.
5. In April 1997, Mr N joined the Scheme, which was administered by Aon.
6. In June 2008, Mr N left pensionable service and became a deferred member of the Scheme.
7. In late 2012, Mr N was contacted via an unsolicited call from J P Sterling, an unregulated adviser who proposed the opportunity of transferring to the Receiving Scheme. Mr N said that during the phone conversation he was offered a lump sum from his pension even though he was only 44 years old at the time. Mr N said he was also offered £400 as an incentive to transfer and was informed that his pension would accrue a better rate of return of 8% per annum as a result of an investment in storage units if he transferred.
8. In late 2012, Mr N contacted Aon to say that he was considering a transfer and requested the relevant details and forms.

9. On 31 January 2013, Aon wrote to Mr N with an illustration for the Cash Equivalent Transfer Value (**CETV**) and enclosed the transfer discharge forms. A warning that he should seek financial advice before making any decisions had been provided on the first page of the covering letter dated 31 January 2013.
10. On 7 February 2013, following a telephone call with Mr N, Aon sent Mr N confirmation of the current value of his benefits in the Scheme along with an annual benefit statement.
11. On 14 February 2013, The Pensions Regulator (**TPR**) launched a new awareness campaign regarding pension liberation schemes. Part of this campaign involved issuing cautionary documentation informing members about the potential risks of pensions scams. This comprised of:
 - a two-page warning note, which TPR wanted administrators and pension providers to include in the information they provided to members who requested a transfer;
 - an information leaflet (**the Scorpion Leaflet**), which contained a number of warnings directed at potential members who were thinking of transferring; and
 - a “fraud action pack” for pension professionals.
12. Page 8 of the “fraud action pack” provided a number of warning signs / red flags that pension providers should be on the lookout for:
 - the receiving scheme is not registered, or is only newly registered, with HM Revenue and Customs (HMRC);
 - the member is attempting to access their pension before age 55;
 - the member is pressuring the trustee or administrator to carry out the transfer quickly;
 - the member was approached unsolicited;
 - the member being informed that there is a legal loophole; and
 - the receiving scheme was previously unknown but is now involved in more than one transfer request.
13. If any of these red flags were present, then it was recommended that direct contact should be made with the member to query the receiving scheme and how they came to know of it, among other things.
14. The Scorpion Leaflet included examples of real-life pension scams and explained that the warning signs of a potential scam could be;
 - receiving an unsolicited call about a free pension review;

- the promise of accessing a pension before age 55, through the provision of an advance loan payment, or cash bonus, upon the completion of the transfer;
 - the promise of a unique investment opportunity in overseas property, which would make it harder to trace the transfer; and
 - the use of a courier service to pressure members into signing transfer documents quickly.
15. On 22 February 2013, the Receiving Scheme's administrator (**the Administrator**) sent Aon the completed transfer discharge forms and requested that the transfer be actioned. The Administrator confirmed that the scheme was a Defined Contribution Occupational Scheme registered with HMRC and provided its registration certificate.
 16. On 15 April 2013, Aon paid a transfer value of £58,758.00 from the Scheme to the Receiving Scheme. Mr N did not receive a lump sum or £400 upon transferring.
 17. In July 2014, Mr N telephoned Aon and said that he could not find any trace of his pension funds transferred to the Receiving Scheme and could not get in contact with the Administrator.
 18. On 30 July 2014, Aon sent Mr N the contact details it held on file in relation to the Receiving Scheme for the Administrator.
 19. On 8 November 2016, the Scheme was wound up.
 20. In March 2017, Dalriada, an independent trustee, was appointed as independent trustees of the Receiving Scheme and notices were sent to all affected individuals regarding its appointment and the steps it was taking towards taking exclusive control of the existing trustee bank accounts. It is also stated on the notice that Dalriada were investigating all assets of the Receiving Scheme to understand where and how they are held. (**See Appendix One**)
 21. On 6 August 2019, following their appointment, Mr N's representatives sent Aon a Subject Access request.
 22. On 11 December 2019, Mr N's representatives sent a formal complaint letter to Aon on behalf of Mr N. Mr N's representatives set out Mr N's complaint as follows:
 - Aon failed to carry out sufficient due diligence tests on the transfer request and failed in its duty of care to Mr N. Aon had a fiduciary duty of care which was not adhered to, as the necessary procedures reflecting TPR's guidance on pension liberation fraud was not put into place when processing the transfer.
 - Aon failed to identify the following warning signs:-
 - (i) The involvement of an unregulated introducer and advisor which would have been identified if Aon had asked Mr N about his introduction to the Receiving Scheme. The occurrence of a cold call and the offer of a free pension review

which would have been identified if Aon had asked Mr N about his introduction to the Receiving Scheme.

- (ii) The lack of regulated advice which would have been identified through a check with Mr N about whether he was receiving advice on the investments. Mr N had not been advised by a regulated advisor.
- (iii) The promise of a cash lump sum and the monetary incentive to transfer. Given Mr N's age he was not entitled to make a withdrawal from his fund and reference to a financial incentive to transfer is a clear warning sign which should have been identified by Aon.
- (iv) The fact that the Receiving Scheme had only recently been registered with HM Revenue & Customs on 23 July 2012 and was purported to be an occupational pension scheme. Aon should have obtained information about the employer from the Administrator and made relevant and appropriate Companies House checks regarding the employer's status, its geographical location in relation to Mr N and if he was or was not employed by the employer.

- Reference was made to TPR's Guidance of 2013, namely the Scorpion Leaflet, and as that guidance and rules were in place at the time of Mr N's transfer, Mr N's representatives argued they should have been followed. As a result, Aon ought to have warned Mr N of the warning signs present and sent him the Scorpion Leaflet highlighting the risks of pension liberation.
- Aon ought to have contacted Mr N directly to establish what his understanding was of the Receiving Scheme. If Aon had acted with the proper due diligence and engaged directly with Mr N, warning him of the risks, it was highly unlikely that the transfer would have taken place and Mr N would not be in the position he was in.

23. On 15 April 2020, Aon sent an update to Mr N's representatives and said that it was in the process of drafting its response to the complaint.

24. On 10 September 2020, Aon sent its written response to the complaint as follows:-

- Mr N instructed Aon to transfer his pensions and it did so in good faith and in accordance with the statutory duties. Mr N's discussion with J P Sterling was outside of its knowledge at the time. A refusal or failure to process a transfer in circumstances where the criteria at the time had been met would be a breach of Mr N's statutory right to transfer and would amount to maladministration and breach of statute.
- On the first page of the covering letter dated 31 January 2013, Aon recommended that 'before you make any decision about your pension, its best to get independent financial advice.' The website links for the Financial Services Authority, the Pensions Advisory Service and TPR were also provided. It considered this adequate notice of potential risks associated with a transfer.

- It was not accepted that Aon was under any obligation at the time to carry out the level of due diligence suggested by Mr N's representatives to raise the type of enquiries listed or to liaise with Mr N and ascertain the purpose of his transfer. The industry standard at the time and the extent of any obligation was to request and require evidence from the receiving scheme administrators that the receiving scheme was properly registered with HMRC; that the request was an authorised transfer request; and to check that the receiving scheme was not one that TPR had indicated was under investigation. Such obligations were adhered to and confirmation of HMRC registration in respect of the Receiving Scheme was obtained.
 - Reference was made to TPR's Guidance of 2013 in previous decisions by the Pensions Ombudsman (**the PO**), which considered that when the handling of a transfer spans the time when the new regulatory guidance was introduced, it was reasonable to allow for a period following the publication for providers to implement the guidance. Determination PO-6375 was mentioned specifically in reference to the transfer being completed before the scheme administrator had reasonable time to implement the new regulations. In PO-6375 the transfer complied with the statutory right to transfer, the receiving scheme was registered with HMRC in July 2012 and it purported to be an occupational scheme. In this Determination the PO held that as the transfer request had come in before the new guidance was published it cannot have expected the transferring scheme to have already implemented it into their process.
 - Mr N signed to confirm that he wanted to proceed with the transfer from the Scheme to the Receiving Scheme; that the Receiving Scheme had provided him with a statement showing the benefits that would be provided in return for the transfer payment and he had been told about any condition that may cause his benefits to be withheld or lost; that he was transferring to an occupational pension scheme with his current employer and that he understood and accepted that once the transfer value had been paid, the Scheme's Trustee did not owe him, his family or dependents any benefits. The Administrator also completed a Scheme Warranty which confirmed that it was authorised by Mr N to accept the statutory cash equivalent from the Scheme under Section 95 or 96 of the Pension Scheme Act 1993, and that in accepting the transfer, all the relevant requirements of said sections had been or would be satisfied.
 - It was sympathetic to Mr N's unfortunate circumstances. However, it did not believe that the situation was due to any failings on its part. Aon held that it was not responsible for any maladministration or breach of duties to the member.
25. Following the complaint being referred to The Pensions Ombudsman (**TPO**), it requested clarification from Aon regarding its transfer processes and due diligence at the time of Mr N's request.

26. Aon provided its response and stated that it had not implemented the TPR guidance until around May 2013, so it did not adhere to TPR guidance at the time of Mr N's transfer.

Adjudicator's Opinion

27. Mr N's complaint was considered by one of our Adjudicators who concluded that further action was required by Aon as she had identified maladministration. The Adjudicator's findings are summarised below:-
- The view the then PO had taken in PO-6375, regarding implementation of TPR guidance, highlights that providers should have been implementing the guidance from 14 March 2013 onwards, giving a one-month leeway to amend procedures. So, Aon should have been implementing the TPR guidance during the time Mr N's application was in progress. If revised processes were not yet ready, transfers should have been delayed for a short time, and if necessary, TPR approached to advise of the problem, rather than simply continuing to process transfers contrary to regulatory guidance.
 - It could be said that Mr N's complaint satisfied a number of warning signs. However, it could not be said that Aon was made aware of these warning signs at the time. Aon was not made aware of the promise of a lump sum, the monetary incentive nor of the fact that Mr N was contacted unsolicited. Aon could not be expected to act on warning signs that it was not made aware of at the time. If Aon had been advised of the inducements, that would be a different matter.
 - The Adjudicator did not consider that Aon should have asked Mr N direct questions about his reasons for transferring. The 2013 TPR guidance directed that if the warning signs were present the provider should then make direct contact and further enquiries. According to the information Aon had available to it these warning signs were not present and therefore further enquiries or direct contact would not have been deemed necessary if the new guidance had been implemented at the time.
 - Mr N was not sent a copy of the Scorpion Leaflet before the transfer was made. This is, however, because he made his request and received his transfer pack before TPR's guidance. The Adjudicator stated that even if she considered there was an obligation to send a further version, with the Scorpion Leaflet, in respect of transfers that were in progress but had not completed by the time of the Regulatory guidance, she did not consider that omission to be material due to the fact that Mr N was keen to receive his lump sum and the better rate of return offered by the Receiving Scheme. The Adjudicator did not think, on the balance of probabilities, that Mr N would have withdrawn his transfer request if he had read the Scorpion Leaflet warning.
 - Mr N had a statutory right to transfer, the law regarding a statutory transfer is set out in the Pension Schemes Act 1993 (**see Appendix Two**). Section 93A states

that Mr N had a right to a cash equivalent transfer value from his pension. To have this statutory right to transfer, Section 95(1) (**see Appendix Three**) states that Mr N has to make an application in writing. This requirement was complied with through the signed and completed transfer discharge forms in which Mr N's signature is seen and was dated 5 February 2013. Also, as part of the transfer process, Aon satisfied itself that the Receiving Scheme was registered with HMRC by receiving a copy of the HMRC certificate. Where members have a statutory right to a transfer, the extent to which providers could delay or refuse a transfer is limited provided, as in this case, the Receiving Scheme had met HMRC's requirements. Aon had no right to refuse Mr N's request to transfer.

- The final signed paperwork in which Mr N requested the transfer from the Scheme to the Receiving Scheme was received by Aon on 22 February 2013, six working days after the guidance was released. The transfer completed later on 15 April 2013. Aon had already issued the transfer pack. However, it then had between 22 February 2013 to 15 April 2013 to carry out its due diligence in the knowledge of the new TPR guidance. In the Adjudicator's opinion, and in consideration of the one-month leeway, Aon should have amended its procedures in that period. As it did not, this amounted to maladministration.
- If Aon had applied the new guidance to Mr N's transfer that may have resulted in issuing the Scorpion Leaflet and would have led Aon to consider whether any information Mr N or the Receiving Scheme had provided to it raised concerns within the context of the new guidance and required action. However, in the Adjudicator's view, it did not mean automatically making proactive enquiries with Mr N unless it had reason to do so. As Aon was not made aware of the warning signs that would have raised suspicion, it could not be said that this would have ultimately changed the outcome. On the balance of probabilities, even if Aon had implemented the new guidance, with the knowledge it had at the time, the transfer would still have gone ahead. Considering the information that Aon was made aware of, it carried out an appropriate level of due diligence at the relevant time, and it was therefore obliged to process the transfer unless it did not meet the statutory requirements or Mr N withdrew his application in time.
- Although Aon may not have warned Mr N against the transfer, the Adjudicator was not persuaded on balance that he would have taken such advice, whether by, or in addition to, the Scorpion Leaflet itself and refrained from transferring as a result of the warnings. The Adjudicator was of the view that, on the balance of probabilities, it was likely that the transfer would have gone ahead as it did.
- As the level of due diligence that Aon carried out was adequate and in line with the information it was given by the relevant parties and with the guidance at the time, it could not be said that Aon was negligent when agreeing to transfer Mr N's benefits in the Scheme to the Receiving Scheme, in accordance with Mr N's statutory right and so did not cause Mr N's loss.

- However, maladministration could be seen in that Aon should have implemented the new guidance to its processes and to Mr N's transfer. The Adjudicator considered the complaint should be partially upheld and suggested an award of £1,000 should be paid by Aon to Mr N for the serious distress and inconvenience that it caused to him.
- Mr N did not accept the Adjudicator's opinion and the complaint was passed to me to consider. Mr N's representatives, Money Redress, provided further comments on behalf of Mr N, which do not change the outcome. I agree with the Adjudicator's opinion and note the additional points raised by Money Redress.

Money Redress' further submissions

28. Money Redress further submits:

- In the transfer documents it could be seen that the Administrator was requesting that the transfer be completed swiftly, and that should have been seen as a warning sign. This can be seen in the following wording:

“...please ensure that you contact us promptly so we can resolve any issues without causing delay.”

“Your assistance in ensuring this transfer is completed promptly will be gratefully appreciated.”
- As the Receiving Scheme was an occupational scheme, Aon should have checked that Mr N was employed in some capacity. As it happens Mr N was employed, but the check was not made. Mr N was a bus driver and had Aon queried this, it would have identified a sham receiving scheme structure, as there was no employment connection between Mr N and the Receiving Scheme. Although Mr N would still have had a statutory right to transfer, he would have been better informed if this check was done correctly, as it would have highlighted pension liberation risks which he should then have been informed of by Aon.
- The Receiving Scheme was stated as being located in Manchester whilst Mr N lived in London. It was only registered on 23 July 2012, which was around seven months before Mr N's transfer. It was also established in Cyprus, which was a clear overseas element and a potential contradiction to its Manchester address on covering letters.
- Although Aon was not aware of all the warning signs it could have been aware of multiple warnings by reviewing the transfer pack. Aon was aware that Mr N was under 55 and therefore that early release pension liberation was a possibility. It could also be seen that the Administrator was encouraging a speedy transfer, that the Receiving Scheme was newly registered and the fact that it was established in Cyprus. These were unusual features which required further checking. Further due diligence and direct contact with Mr N would have confirmed any concerns and revealed further warning signs such as the cold call, offer of inducement and

advice from a non-regulated firm. More was expected of ceding schemes than simply sending the Scorpion Leaflet.

- The consideration should not have been what Mr N would have done if he received the Scorpion Leaflet, but what he would have done if there had also been a dialogue with him about the warnings and a request for further information regarding the pension liberation concerns. There was no reasonable basis to conclude that had Mr N been provided this service, he would have continued with the transfer. It is likely that he would not have.
- It also stated that Mr N had confirmed the following points:
 - (i) he did not pursue taking a lump sum from the Receiving Scheme;
 - (ii) he was not in such a dire financial situation in 2013 to want or rely on an incentive of around £500 to take such a risk with his pension; and
 - (iii) he was enticed to transfer based on guaranteed returns of 8% per annum. Mr N believed that Aon could have persuaded him not to transfer had it provided him with risk warnings.
- Mr N should be put back in the position he would have been in had the transfer not occurred either by way of reconstruction of his Scheme benefits or a cash payment.

Ombudsman's decision

29. I have considerable sympathy for Mr N, who appears to have been the victim of pension liberation fraud. However, this matter cannot be viewed with the benefit of hindsight, and it is the circumstances and specific facts at play at the time of the transfer which must be considered.
30. As the Adjudicator explained, Mr N had a statutory right to transfer which he exercised by completing the transfer forms. So, the extent to which Aon could delay/stop the transfer was limited.
31. I will not repeat the findings of the Adjudicator regarding the identified maladministration, with which I agree. Suffice to say that a period of one-month was more than sufficient for new procedures, adhering to TPR's updated guidance, to be implemented by Aon. It is unfortunate that Aon did not provide Mr N with pension scams material, or the Scorpion Leaflet prior to the transfer completing. It should have done so and should have implemented the updated guidance at the time of Mr N's transfer. As it did not do so within the one-month period of grace, I consider this to be maladministration. Accordingly, I agree with the Adjudicator that an appropriate award for the serious distress and inconvenience caused to Mr N in these circumstances is £1,000. However, I also agree with the Adjudicator that this failure did not result in Mr N making a transfer that he otherwise would not have done.

32. Aon did carry out a basic level of due diligence at the time of the transfer (see paragraph 15), by confirming that the receiving scheme was an occupational pension scheme and was registered with HMRC. Limited checks were not, in my view, unusual at the time. However, Aon failed to send out the Scorpion Leaflet (which would have flagged some of the risk factors that Mr N could have then brought to the attention of Aon), or seemingly consider the risk warnings contained in the ‘fraud action pack’ for professionals. Nonetheless, it is not clear to me that any of those high level ‘red flags’ would have been apparent to Aon at the time in any event (such that it would have triggered a need to ask Mr N further questions). For example, it would not have been clear that Mr N was trying to access his pension before age 55 – and I don’t agree with Mr N’s representative that the mere fact that a member is making a transfer before age 55 is indicative of an attempt to access his pension early. Transfers before age 55 are not uncommon and do not by extension result in liberation attempts. Similarly, I do not agree that a statement in the transfer pack that: “your assistance in ensuring this transfer is completed promptly will be gratefully appreciated” would be sufficient to raise a concern that the member is putting pressure on the trustee to carry out the transfer quickly.
33. There is an argument that the receiving scheme was only newly registered, as it was registered some eight and a half months before the transfer was paid. However, this would be on the cusp and in the absence of the other warning signs, in my view, this would not have led Aon to make the extensive, additional enquiries that Money Redress suggests.
34. Regarding the geographical location, the “fraud action pack” does highlight that the transferring scheme may wish to query the geographical location of the sponsoring employer (although not the location of the receiving scheme) in relation to the member (**see Appendix Four**). However, even then, these questions would only have arisen if an initial warning sign had been identified, and Aon had then gone on to ask further questions regarding the nature of the scheme.
35. I also note that Mr N’s representatives argue that Aon should have made further enquiries about Mr N’s employment. However, as seen in Aon’s response of 10 September 2020, in the transfer documents signed by Mr N, a declaration was included which stated that he was transferring to an occupational pension scheme with his current employer and that he understood and accepted that once the transfer value had been paid, the Scheme’s Trustee did not owe him, his family or dependents any benefits. This statement and the fact that Mr N would have read and signed the same would, on the basis of the standards of the time, have been enough for Aon to accept that Mr N did have an employment connection.
36. Although Mr N has stated in the further submissions that he did not pursue taking a lump sum, one can see how the offer of a lump sum, a £400 incentive and the promise of 8% returns per annum would be compelling. These incentives could entice a member to transfer regardless of personal financial circumstances, of which I cannot comment on as Mr N has not provided any supporting evidence.

37. The fact that Mr N did proceed with the transfer shows that these incentives were attractive enough at the time to encourage Mr N to proceed. If the incentives were not attractive to him, he would likely not have initiated the transfer process in the first place. Mr N stated himself that he was enticed to transfer based on “an almost guarantee” of returns of 8% per annum. The fact that Mr N was enticed by the incentives offered leads me to agree with the Adjudicator that the outcome is likely to have been unchanged, even if the Scorpion Leaflet had been issued and the new guidance adhered to.
38. It is not Aon’s, or any transferring schemes’ responsibility to persuade or advise a member on their transfer or any other financial decisions. The member is responsible for their own personal financial decisions and to expect Aon to have attempted to persuade Mr N not to transfer is unreasonable. Similarly, in the absence of a legal requirement to do so, it is also not Aon’s responsibility to ensure that financial advice is received from a regulated advisor, again the member is responsible for their own financial decisions and acquiring appropriate advice.
39. I partially uphold Mr N’s complaint against Aon.

Directions

40. To put matters right, within 28 days of this Determination, Aon shall pay Mr N £1,000 in recognition of the serious distress and inconvenience caused by is maladministration.

Dominic Harris

Pensions Ombudsman

Pensions Ombudsman

29 July 2024

Appendix One



Important Announcement to members of the following pension scheme (“the Scheme”)

The Capita Oak Pension Scheme (“the Scheme”)

Background

We are writing to you as we believe that you may have joined the above Scheme and transferred-in pension benefits from a previous arrangement.

A Warning Notice issued by the Pensions Regulator (tPR) on 8 December 2016 gave notice that tPR were proposing to appoint an independent trustee under section 7(3)(b) of the Pensions Act 1995 in respect of the Scheme. This notice was issued to Directly Affected Parties including RD Medplant Limited, the sponsoring employer, so that they had an opportunity to oppose this approach.

No representations were made and as such tPR has made its determination to appoint Dalriada Trustees Limited (Dalriada) as independent trustee with exclusive powers to the Scheme with effect from 12 January 2017. All trustee powers and rights are now held by Dalriada.

TPR is a statutory body which is responsible for the regulation of work-based pension schemes in the UK. Its aims include protecting the benefits of scheme members together with promoting good administration and understanding of occupational pension arrangements.

Why have we been appointed as independent trustee to the Scheme?

The Pensions Regulator has the power to appoint a trustee under section 7 of the Pensions Act 1995 where it is reasonable to do so:

- a) to secure that the trustees as a whole have, or exercise, the necessary knowledge and skill for the proper administration of the Scheme,
- b) to secure that the number of trustees is sufficient for the proper administration of the Scheme,
- c) to secure the proper use or application of the assets of the Scheme, or
- d) otherwise to protect the interests of the generality of the members of the Scheme.

Dalriada is a company that operates solely to provide trusteeship services to UK occupational pension schemes. We currently act as independent trustee to a number of schemes where we have been appointed by the Determinations Panel following applications by the Pensions Regulator to the Determinations Panel requesting that the powers under section 7 be used. The Determinations Panel is a separate committee from the Pensions Regulator, in that it has a separately appointed membership and legal support. Dalriada has considerable knowledge and experience in all aspects of pension scheme management.

Our role as independent trustee is as follows:

- To administer the Scheme,
- To manage the Scheme's assets and understand the nature of all assets held,
- To act in the best interests of all members and beneficiaries,

- To assist the Pensions Regulator with any enquiries in relation to the management of the Scheme.

It is not appropriate for Dalriada to comment in any detail in relation to the decision to appoint an independent trustee.

What action have we taken so far?

We are working towards taking exclusive control of the existing trustee bank accounts. In addition we are currently making investigations in order to gain a full understanding of all assets of the Scheme, including where and how they are held.

We have received some member information in respect of the Scheme and are now in a position to contact members or potential members by way of this Announcement.

Dalriada is undertaking a detailed analysis of all the information it has obtained and will update members further once we are in a position to do so.

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. As above, please also supply copies of all correspondence or other communications which you may have received in relation to your membership of the Scheme.

You can contact us as follows:

By Telephone: 028 9041 2003

By Post: Dalriada Trustees Limited
22 Great Victoria Street
Belfast
BT2 7BA

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

Issued by Dalriada Trustees Limited

March 2017

Appendix Two

Pension Schemes Act 1993

93A Salary related schemes: right to statement of entitlement

(1) The trustees or managers of a salary related occupational pension scheme must, on the application of any member, provide the member with a written statement (in this Chapter referred to as a “statement of entitlement”) of the amount of the cash equivalent at the guarantee date of any benefits which have accrued to or in respect of him under the applicable rules.

(1A) In subsection (1), the reference to benefits which have accrued does not include benefits which are attributable (directly or indirectly) to a pension credit.

(2) In this section—

“the applicable rules” has the same meaning as in section 94;

“the guarantee date” means the date by reference to which the value of the cash equivalent is calculated, and must be—

(a) within the prescribed period beginning with the date of the application, and

(b) within the prescribed period ending with the date on which the statement of entitlement is provided to the member.

(3) Regulations may make provision in relation to applications for a statement of entitlement, including, in particular, provision as to the period which must elapse after the making of such an application before a member may make a further such application.

(4) If, in the case of any scheme, a statement of entitlement has not been provided under this section, section 10 of the Pensions Act 1995 (power of the Regulatory Authority to impose civil penalties) applies to any trustee or manager who has failed to take all such steps as are reasonable to secure compliance with this section.







Appendix Three

The Pension Schemes Act 1993, Section 95(1)

95 - Ways of taking right to cash equivalent

1. A member of an occupational pension scheme or a personal pension scheme who acquires a right to a cash equivalent under this Chapter may only take it by making an application in writing to the trustees or managers of the scheme requiring them to use the cash equivalent to which he has acquired a right in whichever of the ways specified in subsection (2) or, as the case may be, subsection (3) he chooses.

Appendix Four

-  Receiving scheme not registered, or only newly registered, with HM Revenue & Customs
-  Member is attempting to access their pension before age 55
-  Member has pressured trustees/administrators to carry out transfer quickly
-  Member was approached unsolicited
-  Member informed that there is a legal loophole
-  Receiving scheme was previously unknown to you, but now involved in more than one transfer request

If any of these statements apply, then you can use the check list on the next page to find out more about the receiving scheme and how the member came to make the request.

The nature/status of the scheme	
Is the scheme to which the member wants to transfer:	How to establish
<ul style="list-style-type: none"> newly registered with HMRC? if the scheme is a self-invested personal pension (SIPP), not registered with the Financial Services Authority (FSA)? 	<ul style="list-style-type: none"> Ask the pension scheme in question for documentary evidence
<ul style="list-style-type: none"> sponsored by a newly registered employer? sponsored by a dormant employer? sponsored by an employer that is geographically distant from the member? 	<ul style="list-style-type: none"> Obtain employer information from scheme in question Check with Companies House for details of the employer status (www.companieshouse.gov.uk)
<ul style="list-style-type: none"> sponsored by an employer that doesn't employ the member? 	<ul style="list-style-type: none"> Ask the member
<ul style="list-style-type: none"> connected to an unregulated investment company? 	<ul style="list-style-type: none"> Ask the receiving scheme for details of their investment service providers Check these providers with the FSA (www.fsa.gov.uk/fsaregister)

Description/promotion of the scheme	
Do descriptions, promotional materials or adverts:	How to establish
<ul style="list-style-type: none"> include the words 'loan', 'savings advance', 'cash incentive', 'bonus', 'loophole' or 'preference shares'? allude to overseas investments? hint at unusual, creative or new investment techniques? 	<ul style="list-style-type: none"> Ask the member for copies of promotional materials, emails or letters about the scheme Ask the member about the way the receiving scheme has been described to them over email/text/phone

The scheme member	
Has the member:	How to establish
<ul style="list-style-type: none"> • been advised by an 'introducer'? • been advised by a non-regulated adviser? • taken no advice • decided to transfer after receiving cold calls, unsolicited emails or text messages about their pension? 	<ul style="list-style-type: none"> • Ask the member about how he/she became aware of the receiving scheme • Check whether advisers are registered with the FSA at www.fsa.gov.uk/fsaregister
<ul style="list-style-type: none"> • pressured the trustees/administrators to carry out the transfer as quickly as possible? • mentioned that your pension scheme has transferred funds to this arrangement before? 	<ul style="list-style-type: none"> • Check whether member has contacted trustees/administrators to hurry along transfer since first submitting request
<ul style="list-style-type: none"> • not received documentation from the new scheme? 	<ul style="list-style-type: none"> • Check whether member has received documents
<ul style="list-style-type: none"> • been told they can access their pension before age 55? • been misled about the potential tax consequences? 	<ul style="list-style-type: none"> • Review promotional material for receiving scheme

Answering 'yes' to any of these questions individually does not necessarily indicate a dangerous pension liberation arrangement, but if several features are present there may be cause for concern.

Trustees and administrators should take care to ensure that they have the exact name of the scheme correct – in some instances, liberation schemes have been set up with names that are almost identical to already-registered non-liberation schemes.

Next steps if you have concerns

Contact the member to establish their understanding of, for example, the type of scheme they'll be transferring to. You may also want to direct the member to the Pensions Advisory Service (TPAS), who can help them understand the potential tax consequences of the transfer if any part of the arrangement is deemed as unauthorised. The template wording towards the back of this document can help you. Communicating with the member may also allow you to establish answers to more of the questions above, where you've been unable to answer them with the information you have available. If your concerns remain then you should alert the relevant authority (see back page).

Pensions Act 2004

18 Pension liberation: interpretation

(2) Money is to be taken to have been liberated from a pension scheme if—

(a) the money directly or indirectly represents an amount that, in respect of accrued rights **[F1]** or an entitlement[]] of a member of a pension scheme, has been transferred out of the scheme in pursuance of—

(i) a relevant statutory provision, or

(ii) a provision of **[F2]** the scheme rules[]], other than a relevant statutory provision,

(b) the trustees or managers of the scheme transferred the amount out of the scheme on the basis that a third party (“the liberator”) would secure that the amount was used in an authorised way,

(c) the amount has not been used in an authorised way, and

(d) the liberator has not secured, and is not likely to secure, that the amount will be used in an authorised way.