

Ombudsman's Determination

Applicant	Ms R
Scheme	Alternative Pension Plan (the Plan)
Respondent	Alternative Pension Plan Trustees Ltd (the Trustee) Mr Ross White (Trustee director)

Outcome

- Ms R's complaint is upheld and to put matters right Mr White shall within 14 days provide proof of the investment in the Bitcoin Store or confirm the location and value of Ms R's original investment. Mr White shall also pay Ms R £3,000 in recognition of the exceptional distress and inconvenience she has suffered.
- My reasons for reaching this decision are explained in more detail below.

Complaint summary

- Ms R has complained that the Trustee has failed to provide her with an adequate explanation of what has happened to the investments she made through the Plan and what her retirement options are. She wants to know what her pension entitlement is and compensation for the distress she has suffered.

Background information, including submissions from the parties

- In December 2014, Ms R transferred the benefits she had in a previous employer's pension scheme to the Plan. Ms R took a tax free cash sum from the transfer amount and made a decision to invest the remainder of the transfer amount in Bitcoins through the Bitcoin Store.
- The Plan appears to be a small self-administered pension scheme (SSAS) with the Trustee acting as a professional trustee. The Trustee company was dissolved on 15 December 2015.
- In March 2015, Ms R received a letter from the Trustee and an invoice to show that 113 Bitcoins were to be purchased on payment of £18,924.11. The invoice said that payment was to be made to Bitcoin Store Inc at Capital Bank in New York. The letter also asked Ms R to complete and return the enclosed Bitcoin Store application form and said that "once your certification is received it shall be held by the Trustee on your behalf." Ms R says that she completed and returned the application form.

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7. Ms R says that the Trustee has failed to confirm the purchase of the Bitcoins or provide any information on the status of her pension since she first asked for a drawdown of her pension in July 2015.
8. The Bitcoin Store was part of Bitcoin Store Inc and Renwick Haddow, who is alleged to be behind Bitcoin Store Inc, is the subject of a Securities and Exchange Commission (**SEC**) and FBI investigation in the USA. The SEC has stated that although Bitcoin Store investors were given material that claimed it was an easy to use and a secure way of holding and trading Bitcoins, the Bitcoin Store never had any operations. The bank accounts of the company show that it received less than \$250,000 in incoming transfers in 2015.
9. Ms R has found it difficult to contact the Trustee and it has taken time for this office to elicit a response from the Trustee as the company was dissolved by compulsory strike off on 15 December 2015. I have received a response from Mr Ross White, a former director of the company, who has said that the investment in the Bitcoin Store was not approved by the Scheme's financial adviser, as it was not acceptable under HMRC's rules and not approved by the Plan.
10. Ms R says that as Mr White was the director then he is responsible and liable for her loss. Ms R also says that there is nothing in HMRC's rules to prevent a pension investment in Bitcoins and she checked this beforehand. The Plan did not place any restriction on what she could invest in. Furthermore, she did not request that any cash should be sent to a company controlled by Renwick Haddow and merely requested that he supply contact details for Bitcoin Store Inc. Indeed, she had spoken to Gordon Phillips some months before (summer/Autumn 2014), and he was declared as the chief executive of Bitcoin Store Inc. and was clearly American, neither sounding nor looking like Renwick Haddow. Mr Haddow was never listed as having anything other than a consultancy role with Bitcoin Store Inc.

Adjudicator's Opinion

11. Ms R's complaint was considered by one of our Adjudicators who concluded that further action was required by Mr White. The Adjudicator's findings are summarised briefly below.
12. Ms R has explained the background to how she came to decide to invest in the Bitcoin Store. She had done some communication work for the Trustee and Bitcoin Store Inc. also used a research note she had written on Bitcoins when that company was established. She therefore trusted both the Trustee and Bitcoin Store Inc. on the basis of that prior contact and thought that an investment in Bitcoins would be beneficial as a pension investment.
13. Mr White has said that an investment in the Bitcoin Store was not approved by the Scheme's financial adviser, as it was not acceptable under HMRC's rules and not approved by the Plan. If the Trustee was of that view then the Trustee should not

have proceeded with the investment through the Bitcoin Store and advised Ms R accordingly. But Ms R received a statement regarding a proposed investment in the Bitcoin Store but no confirmation that this had been completed.

14. If Ms R's investment had been made in legitimate Bitcoins then it is probable that it would have grown substantially. However, Ms R chose to invest through the Bitcoin Store and, on the balance of probabilities, it is unlikely that a decision to buy Bitcoins through that company will realise any gains, as the SEC has said that it never had any operations. Any money invested appears to have been diverted to Mr Haddow and it may take some time to discover if any of this is recoverable.
15. Ms R has asked Mr White on a number of occasions to confirm the purchase of the Bitcoins through the Bitcoin Store. This question has not been answered and it may be that either:
 - I. the investment was not made, in which case Ms R still has her original investment in her account, or
 - II. that the investment was made.

If the investment was made then Mr White should provide bank statements to show that a transfer to the Bitcoin Store was made.

16. The Adjudicator considered that Mr White's failure to answer this question both to Ms R and to this office amounted to maladministration and would have been a source of considerable distress to Ms R and for which she should be compensated. In addition, Mr White's failure to answer Ms R's questions regarding the status of her pension since July 2015, and to inform her that the Trustee company was winding up, were further acts of maladministration.
17. Mr White has also not provided a copy of the Trust Deed and Rules of the Plan to this office or confirmation of the investment in the Bitcoin Store. As these acts occurred before the Trustee company was dissolved the Adjudicator considered that it did not absolve the Trustee of any liability.
18. Ms R accepted the Adjudicator's Opinion. Mr White has provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr White for completeness.
19. Mr White says he has never commissioned Ms R for any work and any communication with Mr White's name on it after December 2014 is a forgery. Furthermore, the Trustee company and staff were all employed by Renwick Haddow.

Ombudsman's decision

20. The revelation that Mr Haddow controlled the Trustee company and paid the staff is surprising but at variance with the information held at Companies House. This shows

that Alternative Pension Plan Trustees Ltd was incorporated on 17 March 2003, and that Mr White was appointed a director from this date. Mr White is also shown as having the major shareholding in the company. The question of whether Ms R was commissioned to do work by Mr Hadow or Mr White is not relevant to the complaint. The company was dissolved on 15 December 2015, and Mr White acted as a director throughout this period. I do not find that there is any evidence of someone attempting to impersonate or give incorrect information on Mr White's behalf.

21. Ms R's complaint is that the Trustee (Mr White) has failed to provide her with an adequate explanation of what has happened to the investments she made through the Plan and what her retirement options are. I find that Mr White has singularly failed to respond to Ms R's enquiries or indeed answer questions from this office until the last possible moment.
22. I agree with the Adjudicator's Opinion and I am making this final determination so that Ms R is able to pursue action against the Trustee if she so wishes.
23. The fact that the Trustee has been dissolved means that any directions I give against that entity cannot have effect unless and until action is taken to restore that company. This is not action which I can take but it may be something which Ms R wishes to consider. It is for this reason that I am making directions against the former Trustee director, Mr White.
24. Therefore, I uphold Ms R's complaint.

Directions

25. In order to put matters right Mr White shall within 14 days:
 - (i) provide proof of the investment in the Bitcoin Store or confirm the location and value of Ms R's original investment; andshall also pay Ms R £3,000 in recognition of the exceptional distress and inconvenience she has suffered.

Anthony Arter

Pensions Ombudsman
11 July 2018