

Pension Scam Victims Face Book group wins over 1.6 million in compensation ...

In September 2017, many clients of Continental Wealth Management (CWM), an unlicensed, unregulated Financial Advice company, based in Spain; were in for a shock!

The reason for their falling pension funds, was finally uncovered, and it was not just down to paper losses as many of the clients had been told.

When they were emailed by their Trustee, Momentum Pensions Malta (MPM), who were letting them know that CWM had closed their doors, people were quite rightly concerned. This concern started a 5-year battle, finding out what had actually happened, and working towards being compensated for the losses.

Social media often gets a lot of stick. But in this case, a Face Book group brought victims together consisting of over 250 people. From those members, an admin group was selected. The admins, hatched a plan of action.

Although initially, it was discovered that without the knowledge of any of the victims, high risk investments had been made, using blank copied dealing instructions; it became apparent, that it was the Trustee that shouldn't have allowed the investments to have been passed.

One of the admins (a HR manager who had studied law), suggested that perhaps the Arbiter route would be the correct course of action. Most of the victims had no idea how this would work. After many hours of discussions however, and even more hours of research. The information was slowly collated and put in order.

The Trustee (MPM) were licensed and regulated correctly in Malta. The admin team, researched the Laws of Malta (Chapter 555), and the Trust and Trustees act. The relevant sections were identified, and a Manual was put together to help the group members.

The formal complaint letter was sent to MPM and ALL copies of documentation were requested. This took a few weeks in some cases, and many months for others. What came back was sickening to see.

The sheer number of investments was astonishing! For 2 or more years, investments had been made into high risk, illiquid notes and none of the victims had any idea as they had all selected LOW risk, which is what a safe pension should be. The investments lost money at a rate of knots. Many of these investments had paid CWM staff around 6%-8% commission. Some investments did make money, they were then sold and re invested, so more commission was earned. All the commissions were taken from the pension pots. So as well as the annual fees. The victims were also paying the commissions.

The victims had no idea that MPM were actually the client of Skandia/OMI/Quilter rather than themselves. Neither were they aware of the charges involved by entering into the Bonds. In some cases 80%-100% of the investments had been used to buy structured notes, many of which failed.

The annual statements from MPM, were sketchy. It said on them *'Please note that certain underlying asset classes within the investment, such as fixed term assets, may show a value that reflects the early encashment value, or potentially a zero value, prior to the maturity date. This will not reflect the true performance of the underlying assets'*.

So although many victims had queried this with CWM, when your Trustee statement states this, you feel comfortable with the explanation. There was also no investment detail other than showing the

'investment' being Skandia or OMI. Most victims had no idea that investments were made within the 'investment' shown on the MPM statements.

Following the formal complaints to MPM, the victims received a final response to their complaints. MPM covered many things, but the victims now knew that despite MPM's best efforts to show that they or the IFA (CWM) were at fault, the reality was, MPM had failed on a number of counts to fulfil their duty as a Trustee!

MPM had a code of ethics to adhere to. The law states quite clearly what their duties are. The victims carried on with the fight. Knowing their case was strong!

They then went with their complaints to the Maltese Arbitrator as they suspected the final response was not good enough. The Arbitrator's Office (OAFS), must have had a shock as all the complaints began to filter through. At this point there were around 50 people continuing with the battle, with more to come as the time progressed.

The Arbitrator did take on board the complaints. It was a €25 fee per person. The victims' printers were put into overdrive. Documents were posted in hard copy, along with more detail.

MPM still continued to fight their corner, but the victims were getting more confident by the day!

After many months of waiting the day came when the Arbitrator made his decision! Everyone was on pins, praying that the work that had been done would be enough!

It was a success!!! The Arbitrator awarded 70% of losses on structured notes, plus 8% interest from the date of the ruling, until payment was made. The victims were thrilled. They had taken on the big boys and won!

True to what was expected however, MPM appealed the Arbitrator's decision. It was disappointing, but they knew this would happen. Again, they all waited. A lawyer was approached to help with the appeal in the Maltese court as the victims could not do this themselves.

Finally, the date of judgment arrived. Most hardly slept worrying. But they need not have worried. The judge upheld the Arbitrator's decision in its entirety.

The few months following the judgement were spent emailing back and forth to MPM and their lawyers, their insurance lawyer and the victims' lawyer. Whilst it was a win for the victims, getting paid was proving to be difficult. MPM needed to update information. They needed certified copies of passports and addresses that had been changed over the years. The victims carried on. All discussing every move as it transpired.

The figures for compensation were finally received. On checking, the victims realised the figures were wrong! 4 months of interest had been missed off. Their keen eye for detail was another positive. The new figures were organised and sent back to them all for authorisation as being correct.

Eventually everything was in order and the compensation payments started to trickle through. There are still a couple of people that haven't had their payment yet, for different reasons, hopefully by the time you read this they will have been paid.

This win is a huge event. As far as the victims are aware, never before, have members of the public worked together using a Face Book group. All the information collated over the years is carefully stored in files on the group. They are there for other people that also fell foul of this situation but hadn't realised that MPM were actually the ones at fault for a number of failures according to the

Trust and Trustees act. The new members are now being assisted by the more knowledgeable victims and they are hoping to get the same result as the successful people.

Probably as a result of these circumstances and around the same time, the MFSA updated and changed some of their rules, you can see what the rules are by following the link below.

In summing up what has been achieved, it needs to be said that this event has opened doors for many people who have suffered similar pension losses. It also proves that people are able to take this route themselves. There is no need to pay the so-called 'pension experts'.

If you think you might be in a similar situation, take a look at the following links, have a good read through! You just never know; you too might be able to fight your own corner and hopefully have a similar outcome!

All documents relating to this case can be found online using the following links.

Trust and Trustees Act <https://legislation.mt/eli/cap/331/eng/pdf>

Chapter 555 Arbitrator for Financial Services Act <https://tinyurl.com/2v4vtzk4>

Group Decision by the Maltese Arbitrator <https://tinyurl.com/2p9b2x9z>

MFSA Pension Rules for Service Providers <https://tinyurl.com/493aj3dv>

OAFS

<i>Case No.</i>	<i>Exposure to single issuer in % terms of the policy value at time of purchase</i>	<i>Issuer</i>	<i>Description</i>
Case 068/2018	87.18%	Commerzbank	2 SNs both issued by Commerzbank purchased in July 2013 respectively constituted 43.59% each of the policy value at the time of purchase thus resulting in an overall exposure to the same issuer of 87.18% of the policy value.

Re: **Momentum Malta Retirement Trust - Annual Member Statement**

Please find below your Annual Member Statement for the Year ending 30th September 2014.

Scheme Name:	The Momentum Malta Retirement Trust
Scheme Year Ending:	30 th September 2014
Reference Number:	1693
Date of Acceptance:	12 April 2013
Investment:	Skandia Life Ireland Limited

In accordance with Article 26 (3)(c)(iv) of Chapter 555 of the Laws of Malta, the Arbiter orders Momentum Pensions Malta Limited to pay the indicated amount of compensation to each of the Complainants mentioned in this decision.

A full and transparent breakdown of the calculations made by the Service Provider in respect of the compensation as decided in this decision, should be provided to the respective Complainant.

With legal interest from the date of this decision till the date of payment.