

Worries about Isle of Man fund

The problem

FEARS that his £308,000 pension pot is in trouble prompted Chris M to get in touch. According to Chris, 53, his UK-based adviser urged him to transfer his fund to Aegon Scottish Equitable three years ago and he has a 50/50 split in protected and non-protected rights in a self-invested personal pension (Sipp).

The unprotected part has £140,000 offshore on the Isle of Man, divided between the Anglo-Irish Bank and Icelandic bank Kaupthing Singer & Friedlander.

The solution

KAUPTHING savers' money is currently frozen. The Isle of Man is not part of the UK's Financial Services Compensation Scheme, which covers the first £50,000 of

customers' savings if a bank fails but the Isle of Man has now introduced an equivalent scheme. It is unclear if this will apply to Kaupthing.

Chris left it to his adviser where to put his money. A mis-selling complaint against him could also be considered by the Financial Ombudsman, but would have to be based on the inappropriateness of the whole investment.

Bank deposits in Sipp come under banking compensation regulations, not pensions rules which are broadly more generous,

points out independent expert Nicola Downs. If Chris's complaint were upheld, it would be the adviser who would have to pay, restoring Chris to the

position he would have been in before the plan was set up. Downs also doubts his understanding of the 50/50 rights split.

"The protected part is too high for what are National Insurance contributions. Chris must check as this has

implications if he dies and his widow is obliged to take a pension."
● Nicola Downs: 01306 881999, www.trenthaminvest.co.uk



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