

How IFAs steal pensions with impunity!

By Peter O'Donnell

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Steps for regulated financial advice companies

1. Find a bogus investment company, usually one offshore, that will pay between 20 and 50% commission for recommending clients.
2. Find and recommend clients to trust you to transfer their pensions via a HMRC approved scheme, contrary to regulations.
3. Make sure that the pension administration company will not undertake due diligence on investments as required by legislation and tell clients of the risks.
4. Get paid say, 30% of funds transferred into a private offshore account to avoid scrutiny and to prevent authorities from investigating outside their area of responsibility.
5. Start Phoenix company.

What to do when complaints are made!

1. As a highly qualified and regulated financial advice company, tell your clients that they can trust you. And if anything goes wrong, they will have protection from the regulator.
2. Understand that when clients find out their pensions have been lost or significantly reduced, they will complain.
3. Reject all complaints saying that all investments are subject to risk and they knew what they were getting into.
4. When and if clients take complaints to the Financial Ombudsman Service, speak to the adjudicator about how the client insisted and failed to consider the risk of making personal investment decisions.
5. Understand that the FOS cannot enforce decisions against you and clients won't take legal action.
6. Once the total value of complaints reaches the level which makes your company insolvent, contact a friendly insolvency practitioner to put the company into Creditors Voluntary Liquidation so that you can dump all creditors, including investors.

Phoenixing and double dipping

1. In full knowledge that you have been dishonest and deceitful with your clients to transfer their pensions so that you can steal a good percentage, start another regulated company in anticipation that your current company will become insolvent in three to five years.
2. Once complaints begin ensure the Phoenix has capital adequacy of £10k and start putting kosher deals through for respectability.
3. Look after the IP with sufficient funds to keep him quiet and to protect you.
4. Work with a CMC or law firm to buy your client records so that you can benefit from helping clients claim against your company with the FSCS.
5. Have a bogus clone of your original company approach clients with a promise of recovering your money with an upfront payment.

Continue trading as an IFA

1. Because the FCA and IPs blame companies and not directors, individuals have no reason to be concerned about personal liability.
2. Ensure that all the millions stolen remain offshore and only bring small amounts into the UK via cash, transfer into your spouse's accounts or a family trust.
3. Understand that the FSCS and FOS are banned from taking legal action against directors, and the worst the FCA will do is to fine you and/or prevent you from being regulated.
4. Enjoy your ill-gotten gains.

Case study – Argent Wealth Ltd

1. Argent Wealth Ltd was incorporated on 17 Nov 2009 as Kingsway Financial Planning Ltd by David Hardman.
2. Trading names included Carlton Smith Private Wealth.
3. It was regulated by the FCA on 30 Apr 2010.
4. Individuals approved by the FCA to provide advice were: David Hardman, Nicholas Carlton-Smith, James Moreley-Cotterell, Gary Burden and Kevin Healy.
5. Three complaints were upheld by FOS on 26 Feb 2015, 31 Aug 2021 and 15 Jun 2021 for misadvising clients invest pensions via SIPPs into illiquid, high-risk and unregulated schemes, contrary to regulations.
6. Argent was placed into voluntary liquidation on 22 Jul 2021 and David Hardman stopped being FCA regulated on 8 Dec 2019.
7. DMH Private Wealth Ltd traded as Carlton Smith Private Wealth with approved persons David Hardman and Nicholas Carlton-Smith.

DMH Private Wealth Ltd

1. David Hardman incorporated DMH on 30 Jun 2015, three months after the first FOS decision was upheld against Argent.
2. Capital and reserves for DMH and Argent were as follows:

DMH	Argent
a. 31 Dec 2015 to 31 Mar 2017 - £789	a. 31 Mar 2015 - £47,999
b. YE 31 Mar 2018 - £2,932	b. 31 Mar 2016 - £40,607
c. YE 31 Mar 2019 - £5,449	c. 31 Mar 2017 - £90,081
d. YE 31 Mar 2020 - £27,154	d. 31 Mar 2018 - £271,823
e. YE 31 Mar 2021 - £46,970	e. 31 Mar 2019 - £216,943
f. YE 31 Mar 2022 - £46,687	f. 31 Mar 2020 - £216,943
g. YE 31 Mar 2023 - £49,697	g. 31 Mar 2021 - £129,58
	h. 22 Jul 2022 - Insolvent

Argent Wealth in liquidation

1. Statement of Affairs

- a. Estimated assets £233,058.
- b. Estimated non-secured creditors:
 - i. Trade and Expense creditors - £3,840
 - ii. Employees - £13,056
 - iii. Registered individuals - £148,813
 - iv. Client complaints - £500,000
- c. Deficiency – (£436,205)

Richard Rendle – Liquidator's report 28 Jul 2022

1. Asset realisations - £320,358
2. Rendle denied the FCA to contact clients but did so himself
3. Rendle denied alleged mis-selling by FSCS as he said he was the only authority to make such decisions
4. FSCS lodged interim claims of £881,025 for four complaints with another 21 to follow.
5. Rendle said he clocked up 457.70 hours in fees and was owed £102,044. He subsequently drew £105,730 from company assets.
6. Rendle said no company wanted to buy Argent client records because Barclays Bank account closed.

Press news about Argent

1. Argent Wealth Ltd was an independent financial advisory firm that was one of the companies associated with the British Steel Pension Scheme scandal. You may also know them under their traded names of Carlton Smith Private Wealth, Orchard Financial Planners, Morley James Asset Management, and Lifestyle Wealth Management.
2. FT Adviser Jan 21 2022, British Steel adviser fails with 17 claims at FSCS.
3. Other BSPS advisers declared in default to date include: PWH Financial Planning (trading as WGN Wealth Management), Acklam Financial, A. W. Dallas Financial Services (trading as Portfolio Pension Consultancy), Independent Benefit Consultancy, Tramway Financial Management and West Wales Financial Services (trading as IWA Financial Solutions, and Mike Powell Mortgages).

Communications made by Peter O'Donnell

1. 24 Jan 2022 – offer to undertake contingent fee investigation of Argent, which was rejected
2. 23 Feb 2022 – wrote to Rendle expressing concern that he was not acting in the best interests of creditors
3. 25 Mar 2022 – made complaint about Rendle with Insolvency Service
4. 9 Jun 2022 – appealed rejection of complaint with Insolvency Service on grounds that Rendle did all that was required of him
5. 26 Sep 2022 – complained to the FCA about failures by Rendle – no action
6. 9 Dec 2022 – complained to the IS that their complaints policy and process against IPs was inadequate and flawed – Rejected!
7. 4 May 2023 – invited to have Zoom call with complaints team at IS, which led to no further action.

That is how IFAs steal client pensions with impunity!