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28 February 2024

**TO ALL CLIENTS**

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Dear client

**Hartley Pensions Limited – In Administration (the "Company")**

We write to provide you with an update on the administration of the Company and, in particular, to inform you that the Company is now in receipt of funds from the Financial Services Compensation Scheme ("**FSCS**") which will be used to cover the costs of an orderly transfer out of client SIPPs and assets away from the Company.

As per previous communications, we provide this update by way of Q&A but are very happy to speak to any clients who would like further clarification.

**1. What will the FSCS funding be used for?**

As you will be aware, the Company charges SIPP clients an annual administration charge for services rendered in administering their SIPP. This revenue is insufficient to meet the unusual costs of an orderly transfer out of the client SIPP book, which has been necessitated by the Company's insolvency. This means that the Company is trading at a loss which would otherwise be unsustainable and not allow for a transfer out of client assets. However, the FSCS have agreed to fund this shortfall so as to allow us to transfer out client SIPPs and assets without the need to charge clients an Exit and Administration Charge ("**EAC**"). The agreement by the FSCS to fund the cost of the EAC has come about as a consequence of ongoing discussions between us, the FCA and the FSCS.

**2. Will the annual management fee continue to be charged?**

Yes. You will continue to pay an annual management fee until you are transferred to a new operator or otherwise transferred out of the Company. The FSCS have agreed to fund the shortfall only (not the entire cost of trading the Company), which was otherwise going to be funded by clients by way of the EAC.

**3. What does FSCS funding mean for the current Court proceedings?**

You may be aware from previous communications that a hearing window had been set starting on 29 February 2024 for a two day hearing to be listed to address the Part 8 claim issued by us to ratify the EAC. The EAC was to be administered against client assets to cover the trading shortfall referred to above. However, following lengthy discussions between the us, the FCA and the FSCS, the FSCS have now compensated clients for the proposed costs of the EAC by

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directly funding us and so there will no longer need to charge the EAC. As such, we are in the process of applying to Court to stay the Part 8 Claim and vacate the hearings listed for 29 February 2024 and 1 March 2024, whilst issues of costs are resolved at a later hearing. The Part 8 Claim will then be dismissed or discontinued.

**4. What does the stay and imminent conclusion of the Court proceedings mean for the proposed Representative Respondents ("RRs")?**

Clients may be aware from previous communications that RRs were to be appointed to represent the interests of clients in the Part 8 claim to ratify the EAC. Due to the imminent conclusion of these proceedings and fact that the relief claimed in the Part 8 Claim is no longer required or being sought, clients will no longer require RRs, so none will be appointed in relation to the extant Part 8 claim.

FS Legal, a law firm who represented one group of proposed RRs set up a portal to communicate with clients in regard to the Part 8 claim. Given that the Part 8 claim is now being stayed and will then be dismissed or discontinued, this portal is no longer directly relevant to the manner in which your SIPP and/or assets will be transferred out of the Company. We raise this point because we are aware that FS Legal continue to post information on their portal despite their role now becoming redundant. This position raises two key issues which clients should be aware of:

- i) We have no contact with FS Legal with regards to the transfer out of client SIPP/assets, and therefore it seems unlikely that any information published on the portal will be accurate. We are aware of a number of inaccurate statements made on the FS Legal portal and it has been brought to our attention that Gareth Fatchett of FS Legal has previously been fined by the Solicitors Regulation Authority for misleading the Court in a separate matter. In these circumstances, we encourage clients to seek updates from the formal channels of the UHY, FCA and FSCS websites.
- ii) Some clients sent monies to FS Legal as a contribution towards their costs of acting for certain proposed RRs. These costs are no longer required due to the conclusion of the Part 8 claim. As stated above, we are currently in the process of applying to Court to have the Part 8 claim stayed (and thereafter brought to an end likely by discontinuance), part of which will address the costs of the Part 8 claim. Given that FS Legal have not had to engage in the Court process for which they raised significant funds and given that they have previously represented to the Court that they were funded to address the Part 8 claim, we would expect FS Legal to hold a surplus of client monies for which they have no use. Despite their claims, FS Legal and the RRs they represent, have had no involvement in the decision of the FSCS to fund the cost of the EAC and therefore they are not incurring costs in this regard.

**5. Do I need to engage a Claims Management Company ("CMC")?**

It is possible that SIPP members may have claims against the Company for matters other than the costs of the exit strategy. Although Hartley is in default, FSCS is not accepting claims for the time being. This will allow all parties to prioritise the work needed to get the transfer process underway. There will be an opportunity for customers to raise claims against the Company for matters other than the costs of the exit strategy in the future. A further announcement about

this will follow in due course. Please note, customers do not have to use a Claims Management Company or legal representative to make a claim to FSCS. Clients are completely free to make a claim with FSCS directly.

**6. What is the next step?**

Letters will be sent to all clients from April 2024 setting out a statement of their individual asset holdings. Depending upon whether your client statement is agreed or not by yourself will determine the next steps for the transfer out of your SIPP/assets. A further, more detailed update will be posted shortly setting out the full transfer out strategy with timeline. This strategy cannot yet be issued as live discussions are ongoing with other SIPP operators to facilitate the transfer out process, as well as with the FCA and FSCS.

Yours faithfully  
For and on behalf of  
Hartley Pensions Limited



**Peter Kubik**  
Joint administrator

The affairs, business and property of the Company are managed by the Joint Administrators, who act as agents of the Company and without personal liability.