Before the Arbiter for Financial Services

Case ASF 050/2025

JE

('the Complainant')

vs

Sovereign Pension Services Limited

(C 56627) ('SPS' or 'the Service Provider')

Sitting of 31 December 2025

The Arbiter,

Having seen the **Complaint** made against *Sovereign Pension Services Limited* ('SPS' or 'the Service Provider') relating to the *Ramla Retirement Benefit Scheme* ('the Retirement Scheme' or 'Scheme'), this being a personal retirement scheme licensed by the Malta Financial Services Authority ('MFSA'), established in the form of a trust and administered by SPS as its Trustee and Retirement Scheme Administrator ('RSA').[1]

The Complaint, in essence, relates to the Complainant's claim that SPS has not considered his best interests and has not acted with full transparency in handling his Retirement Scheme. This was in view of the claimed delay of over two years in the closure of his Retirement Scheme, during which he continued to pay the fees on his Scheme and earned zero returns on his remaining cash balance.

The Complainant also referred to mistakes and delays in money transfers (between the intermediary banks of the Service Provider and of the investment platform) for which he incurred charges and costs due to currency exchange.

He considers that SPS should, in the circumstances, waive and refund the exit fee of GBP 2,000 applied to his Scheme.

[1] https://www.mfsa.mt/financial-services-register/

The Complainant also requested the provision of a full annual statement for the year 2024 and clarifications about the transactions effected on his Scheme, as he noticed discrepancies in his statements between December 2023 and May 2024.

The Complaint[2]

The Complainant explained that he had reached retirement age in March 2022, but when he tried to withdraw the funds from his pension, he was told that two of his investments (*Fortuna* and *Uavend*)[3] were frozen and so could not close his account.

He claimed that he was limited in the amount of funds he could withdraw as he was informed that a minimum of GBP 25,000 must remain in his account until it is closed.

It was noted that he has been fighting with SPS for over two years to get access to his remaining funds, as they refused to agree to a waiver of the frozen investments.

The Complainant further explained that it was only in spring 2024 that SPS finally agreed that he could sign a waiver so that he could access what was left of his investments and close his pension fund. He alleged that SPS have been extremely slow in reacting and placed one obstacle after another to slow down the process. In the meantime, he had to continue paying the management fees throughout these two years whilst his funds (cash balance) earned zero profit.

It was also pointed out that when SPS finally got Gravitas[4] to transfer his funds to their office, the transfer of funds converted to Euros was rejected by their bank. He explained that after several weeks of investigation, the outcome was that the sum transferred had to be converted back into GBP to be transferred again. The Complainant had informed SPS that they or Gravitas had to bear the cost of the currency conversions, but SPS deducted the costs from his final payment along with other charges that he still had to be informed about. He

[2] Complaint Form on Page (P.) 1-7 with supporting documentation on P. 8-55
[3] The Fortuna Opportunity Sub-Fund 1 & Level One Investments S.A. – Uavend Real Estate Fund – P. 9
[4] The provider of the Scheme's underlying investment platform responsible for the custody of the funds.

claimed that this was extremely unjust as the problem was between SPS and Gravitas's banks and had nothing to do with him.

The Complainant accordingly claimed that SPS did not monitor his pension scheme in a professional manner, claiming that SPS:

- did not make their extortionate exit fees clear;
- refused to accept his original request for a waiver on his blocked investments so that he could close his account;
- insisted that he must keep GBP 25,000 into his account even though he wanted to close his Scheme;
- were slow in responding and when they did, they often were out of the office immediately after sending an email, so his response was not dealt with for at least another week;
- would not accept that their banking difficulties were their responsibility;
- were not active in pushing Gravitas to release his funds as it should have not taken over two months to make a bank transfer.

The Complainant reiterated that had SPS allowed him to close his account when first requested, he would not have incurred the additional cost of GBP 400 to change his financial adviser and would have avoided two years of maintenance costs on his Retirement Scheme.

The Complainant referred to an email from [his adviser] enclosed with his Complaint Form, for a *'good summation'*.[5]

In an appendix to his Complaint Form to the Office of the Arbiter for Financial Services ('OAFS'), the Complainant further explained that subsequent to his complaint with the OAFS, SPS made a gesture to compensate him for the additional charges resulting from their banking problems.

He noted that SPS also uncovered a payment regarding his account that was received by them in May 2024, for GBP 1,205, which was transferred to him in

[5] P. 4 & 13

December 2024. It was further noted that SPS also belatedly informed him that they had deducted GBP 780 for trustee fees for 2023 and 2024.

The Complainant further claimed that SPS have not been fully transparent despite claiming otherwise, as they have still not provided him with a full account of all the transactions on his account for 2024. He submitted that the transactions declared do not add up to the total of GBP 14,692.64 that was in his account on 31 December 2023.

He reiterated that he is requesting SPS to waive the exit fee of GBP 2,000 because of the mistakes that were made and the lengthy delay in closing his account. The Complainant noted that his funds were held in cash deposits for over two years and were not earning any interest during the process of account closure. He pointed out that SPS still charged their trustee fees during this period and had he not closed his account, all of his savings would have been soon eroded. He further submitted that, given he could not access his pension funds to pay off his bank loan, he also incurred an additional GBP 1,000 in fees.

The Complainant explained that in order to close his account in 2024, he had to waive his rights on two frozen investments valued at around GBP 15,000. He claimed that the *Uavend Real Estate Fund* is close to settlement and that SPS will now benefit directly from this. He argued that this would more than compensate SPS for the waiving of their exit fee.

The Complainant accordingly claimed that throughout this whole process, SPS had not considered his best interests or acted with full transparency, seeking instead to maximise its own capital.

Remedy requested

In his Complaint Form to the OAFS, the Complainant requested the following remedy:

1. SPS to reimburse him for the cost of the currency conversions as he argued that the problems were between SPS's bank and the bank used by Gravitas;

2. SPS to reimburse him their exit fee as compensation for the delay of over two years in closing his account given that he ended up paying additional maintenance fees and lost investment opportunities;

3. An apology from SPS for mishandling his account.

Further to the Arbiter's request made during the hearing of 15 September 2025, for the Complainant to clarify the remedy requested in respect of (1) above,[6] the Complainant subsequently *inter alia* explained, in his note of 20 September 2025, that SPS *'eventually made a 'goodwill gesture' to cover [his] losses incurred in that fiasco but [he] considers [such gesture] as a reimbursement of costs incurred due to misunderstandings between Sovereign and Gravitas [which] had nothing to do with [his] banking arrangements'*.[7]

He further clarified that he was *'… still claiming for the reimbursement of the 2000 GBP exit fee'*.[8]

In light of the Complainant's additional note, the monetary compensation requested is accordingly limited to the GBP 2,000 exit fee demanded by the Complainant.

In his decree of 31 October 2025, the Arbiter further requested the Complainant to clarify whether he was making any specific claim for compensation regarding certain clarifications he requested to his 2024 statement.[9] No such specific claim was made in this regard.

Having considered in its entirety the Service Provider's reply, including attachments,[10]

Where the Service Provider explained and submitted the following:

1. That the matters raised have previously been addressed through prior correspondence, and it remains committed to ensuring that its administration of the Scheme continues to align with the regulatory requirements, contractual obligations and principles of sound governance.

2. That *Elmo Pensions Limited* was the trustee and administrator of the Complainant's pension plan until June 2021. Following SPS's acquisition of

[6] P. 156
[7] P. 160
[8] *Ibid.*
[9] P. 214
[10] P. 62-69, with attachments from P. 73-145

the *Elmo Retirement Plans*, an email was sent to the Complainant on 24 June 2021 (Appendix 1 to its reply),[11] confirming the completion of the transition, effective from 1 June 2021. A subsequent email dated 11 May 2022 (Appendix 2 to its reply),[12] notified the Complainant of the change in the terms and conditions of the Scheme, included links to the updated Scheme document and Scheme Particulars, and drew attention to the updated fee schedule situated on page 6 of the Scheme Particulars.

3. That the Scheme is a member-directed scheme – such direction requires members to appoint their own investment adviser to advise on any investment decisions or alternatively an investment manager to manage the investments on a discretionary basis. As Retirement Scheme Administrator, SPS administers the member-directed scheme and is responsible for pension management, regulatory compliance and sharing information from third parties. SPS submitted that investment advice, however, falls under the remit of the Complainant's appointed adviser or manager, as SPS is neither licensed nor authorised to provide investment, legal or tax advice.

4. That the Complainant asserts that he initiated a request to take benefits in 2022. SPS submitted that, however, a review of its records shows no such request submitted during that period. It noted that while there was some correspondence with the Complainant in 2022 relating to investment enquiries, no request or instruction for retirement benefits was filed.

5. That the first enquiry regarding benefit payments was received in January 2023, when the Complainant asked for information on the requirements to take the full remaining fund value as a pension benefit (Appendix 3 to its reply).[13] SPS noted that it responded promptly, with a full outline of the requirements and documentation needed (Appendix 4 to its reply).[14] Within the same communication, the Complainant was also informed of the applicable SPS termination fee and the potential surrender charges

[11] P. 73
[12] P. 75
[13] P. 76
[14] P. 77

which would apply to the pension fund before the release of benefits if he opted for the full value of the fund.

6. That subsequently, the Complainant expressed concern over the decrease in his pension fund value and queried the performance of the *Fortuna Opportunity Fund 1* – LU1645762300 ('Fortuna Fund'). It submitted that as this relates to investment performance which constitutes investment advice, the Complainant was directed to his appointed investment adviser at the time – *EUI Private Wealth*, since it is the adviser's role to review and explain investment matters (Appendix 5 to its reply).[15]

7. That on 11[t] February 2023, SPS received a completed Benefit Election Form ('BEF'), in which the Complainant requested 25% of the fund value as Pension Commencement Lump Sum ('PCLS'). It explained that, upon review, SPS identified that the full PCLS entitlement had already been taken from the fund. SPS noted that the Complainant was therefore advised that future benefits could only be taken as (taxable) income via *Flexi-Access Drawdown* ('FAD') and was asked to submit a revised BEF.

   It further noted that the amended BEF was received on 15 February 2023 (Appendix 6 to its reply),[16] confirming the revised request for 25% of the pension fund value to be paid as FAD. As of 25 February 2023, this amount totalled GBP 14,291.22 (Appendix 7 to its reply).[17] It submitted that the request was processed and paid out in accordance with internal procedures and regulatory requirements.

8. That in March 2023, the Complainant's investment adviser enquired about the possibility of closing the investment account held with *Gravitas Finance LLC* ('Gravitas'). SPS explained that it therefore contacted Gravitas to explore this option and to request updates regarding the suspended funds, namely the *Fortuna Fund* and the *Uavend Real Estate Fund Class A* (ISIN: LU1560645993) ('Uavend Fund'). Gravitas confirmed that the Uavend Fund could not be redeemed as it was undergoing liquidation and that the Fortuna fund was no longer being administered by JTC.

[15] P. 78
[16] P. 81
[17] P. 89

Gravitas were therefore trying to locate details of the new administrator and was also experiencing difficulty obtaining responses from the fund managers (Appendix 8 to its reply).[18]

9. SPS emphasised that the delay and lack of progress during this time was due to the inaccessibility of the fund managers. It submitted that it acted with due care and prudence and could not proceed with a waiver until it had sufficient clarity.

10. That following this update from Gravitas, the Complainant's adviser initiated a request on behalf of the Complainant to determine the maximum withdrawal amount available, given that a full withdrawal and closure was not possible. This led to the initiation of a new payment request, which was submitted in July 2023. At the time, the maximum withdrawal amount was calculated at GBP 12,000.

11. SPS noted that initially, it informed the Complainant and his adviser that a withdrawal of GBP 21,000 appeared feasible. However, upon further assessment, it was determined that this amount would reduce the fund value below the GBP 25,000 minimum threshold for partial withdrawals, as set out in SPS's policy. At the time, the fund was valued at approximately GBP 38,000 and a withdrawal of GBP 21,000 would have left only GBP 17,000 – an amount considered insufficient for meaningful investment growth and not in line with SPS's investment parameters.

12. That it was important to note that this minimum balance requirements applied only to partial withdrawals. SPS pointed out that the Complainant's request in July 2023 was for a partial withdrawal, so the restriction applied. The requirement was not applicable to the full withdrawal and closure request submitted later. SPS noted that the Complainant then requested to proceed with the maximum allowable withdrawal of GBP 12,000 (Appendix 9 to its reply).[19]

13. That in January 2024, SPS received a Change of Adviser request appointing *Financial Freedom Capital Management* as the Complainant's new

[18] P. 91
[19] P. 102

investment adviser. Upon reviewing the documentation, it was noted that the Complainant had relocated to the United States (Appendix 10 to its reply).[20]

14. That in February 2024, the Complainant reinitiated enquiries about a full withdrawal and requested a status update on the suspended investments (Appendix 11 to its reply).[21] SPS further noted that on 26 February 2024, the Complainant raised for the first time, the possibility of waiving his rights to the suspended holdings (Appendix 12 to its reply),[22] whilst also threatening legal action should SPS not proceed in accordance with his request.

    SPS submitted that such language was perceived as both threatening and coercive, not beneficial to the cooperative and constructive communication that it endeavours to maintain with all its members. Notwithstanding this, SPS remained committed to managing the Complainant's request in accordance with the applicable legal, regulatory and Scheme requirements.

15. That following a trustee review, SPS confirmed to the Complainant that his request to waive rights to the suspended funds would be accepted. Accordingly, SPS provided him with the necessary requirements and information (Appendix 13 to its reply).[23] SPS emphasised that it did not propose the waiver, and that this was initiated by the Complainant and only processed once regulatory, legal and provider confirmation was obtained.

16. That given the Complainant's residency in the United States, SPS recommended that he obtains appropriate tax advice prior to proceeding particularly in view of the tax treatment of pension income and the provisions of the *'Competent Authority Arrangement'* between the USA and Malta dated 30 November 2021, which may impact the taxation of his benefits.

[20] P. 104
[21] P. 108
[22] P. 109
[23] P. 111

It noted that, however, following the Complainant's and his adviser's insistence, and taking into account the relatively low value of the pension fund, the trustees agreed to waive this requirement. As the Complainant elected to proceed without obtaining tax advice, contrary to SPS's recommendation, SPS requested that he sign a Deed of Indemnity confirming that he accepted full responsibility for any resulting tax implications.

SPS submitted that the request for a Deed of Indemnity was a standard due diligence measure and was not intended as a *'delaying tactic'*, as alleged by the Complainant. It submitted that its actions were consistent with its duty to act prudently and to safeguard the integrity of the Scheme's administration.

17. SPS explained that a signed Deed of Indemnity was received by it via email on 1 July 2024 with the original document received on 9 July. The full surrender of the investment account was subsequently instructed by SPS to Gravitas on 19 July [2024].

18. That on 16 August [2024], Gravitas informed SPS that the processing of the waiver had been delayed due to ongoing discussions with their custodian. It noted that they also raised a query regarding the currency holdings within the account. Following the Complainant's confirmation (Appendix 16 to its reply),[24] SPS conveyed instructions to Gravitas on 3 September [2024] to convert the funds to Euro prior to remittance, in accordance with the Complainant's request. When SPS followed upon 17 September [2024], Gravitas confirmed that the funds had been transferred to SPS's Euro account in Malta. The payment was, however, rejected by the intermediary bank on 19 September [2024].

19. That after reconfirming the intermediary bank details with Gravitas, it transpired that the initial transfer was rejected due to internal policy restrictions applied by the receiving intermediary bank. SPS provided details of an alternative intermediary bank in an effort to facilitate a

[24] P. 123

successful transfer, but a second attempt made on 7 October [2024] was also returned.

SPS noted that it remained in contact with both Gravitas and the receiving bank to explore further solutions. As part of these discussions, Gravitas proposed converting the funds to GBP and remitting them in that currency to mitigate further rejections. SPS explained that it promptly requested clarification regarding any exchange rate implications and shared this information with the Complainant on 23 October [2024]. This was made to ensure the Complainant was fully informed before confirming how he wished to proceed.

It further noted that the Complainant subsequently approved this course of action and provided UK bank account details denominated in GBP to avoid an additional currency conversion. Upon receiving this confirmation from the Complainant, SPS instructed Gravitas to proceed with the currency exchange and remittance to its GBP account.

20. That at all stages, the transfer difficulties were attributable to intermediary banking restrictions entirely beyond SPS's control. SPS explained that throughout the process, it worked closely with Gravitas and relevant banking parties to actively investigate the issue to identify and resolve any obstacles preventing successful transfer. It noted that it recognises the impact of these delays on the Complainant and reaffirms its full commitment to resolving the matter. SPS pointed out that the team dedicated considerable time and resources to managing this complex situation, maintaining close communication with all involved parties to facilitate a resolution as swiftly as possible.

21. That to assist the Complainant, SPS and Gravitas voluntarily compensated the Complainant with GBP 222.40 to address exchange rate shortfalls, despite no obligation to do so. It noted that this was offered as a gesture of goodwill in recognition of the inconvenience experienced, and not in admission of liability or fault.

Waiver of rights to the suspended funds

22. SPS noted that the Complainant has stated that, by waiving his rights to the suspended funds, SPS would benefit from any future redemptions received from the fund managers or liquidators. SPS clarified and emphasised that this is not the case.

    It explained that when a member waives their rights to a holding in a suspended fund, SPS acting as policyholder on behalf of the member, subsequently also waives any entitlement to those funds. This means that SPS does not, at any point, retain a claim to or benefit from any future redemptions relating to the suspended investments.

    SPS accordingly corrects the Complainant's assertion and confirms that it will not hold or benefit from any such funds in its own name.

Termination fee

23. The Service Provider submitted that it consistently maintained transparency with the Complainant regarding all fees deducted from the pension fund. It noted that as evidenced in Appendices 1, 2, 4 and 17 to its reply,[25] the applicable fee schedules, including the Termination Fee were disclosed to the Complainant on multiple occasions.

    SPS further noted that the fee schedule clearly states: *'Transfer to another retirement benefit scheme provider or closure (including but not limited to death) will be charged on a time spent basis and is subject to a minimum charge of £2,000'* (Appendix 17 to its reply).[26]

    It noted that it is also worth highlighting that SPS did not apply time-based charges for the significant efforts dedicated to managing the Complainant's plan and to responding to his repeated and often overlapping queries. SPS submitted that this was also extended as a gesture of goodwill.

    SPS submitted that given the services rendered and the transparency maintained throughout the Complainant's engagement, SPS considers it

[25] P. 73, 75, 77 & 125
[26] P. 67 & 125

reasonable and justified that the Complainant at least fulfils the obligation of covering the minimum fee applicable under the terms of the Scheme.

Member Account Statement

24. That on 20 January 2025, SPS provided the Complainant with a detailed Member Account Statement (Appendix 18 to its reply).[27] The statement included further explanatory detail to offer the additional clarity that was requested. Together with Gravitas's transaction history (Appendix 19 to its reply),[28] this statement outlines all relevant transactions and addressed the variance in the final value received.

25. That in accordance with internal account closure procedures, SPS's routine and diligent reconciliation process identified an outstanding balance of £1,205, which had been unallocated in a suspense account due to a missing payment reference from the remitter. This amount related to fees incurred under the Scheme and was transferred to the Complainant as part of the final closure process. This action and its basis were explained in SPS's correspondence to the Complainant in January 2025.

26. SPS reiterates that the £780 referenced by the Complainant was deducted in line with the fee schedule applicable under Elmo Pensions prior to the Scheme's transition to SPS. It explained that these fees were contractually due under the original Trust Deed, which the Complainant accepted at inception.

27. That the valuation of £14,692.64 shown in the Complainant's 2023 account statement (Appendix 20 to its reply),[29] is accurate and reflects the cash deposits held in GBP, EUR and USD within the investment account. It claimed that there is no evidence to suggest that Gravitas misinterpreted or mishandled any currency-related matters.

28. That any variance in the final amount received may be attributed to previously unsettled fees and/or fluctuations in foreign exchange rates during the currency conversion process. It noted that where a shortfall due

[27] P. 127
[28] P. 129
[29] P. 144

to FX transactions was identified SPS ensured that the Complainant was not adversely impacted by covering the difference accordingly as a matter of good practice.

29. That in light of the above, and taking into account the substantial efforts undertaken by SPS in handling the Complainant's repeated requests, including the necessary due diligence, multiple follow-ups with various parties, and the steps taken to ensure the Complainant's best interests were safeguarded, it noted that SPS must respectfully disagree with the Complainant's request to refund the termination fee.

30. SPS submitted that it acted in accordance with all applicable obligations, providing clarity and ongoing communication throughout. It also submitted that despite the Complainant continuing to raise matters already fully addressed, SPS responded professionally and diligently.

31. In its concluding remarks, SPS noted that it trusts that the OAFS will find its conduct to be consistent with the standards and expectations applicable to licensed pension scheme administrators. It accordingly maintains its position that the Complainant's request cannot be supported and should not be upheld.

The Merits of the Case

The Arbiter will decide the Complaint by reference to what, in his opinion, is fair, equitable and reasonable in the particular circumstances and substantive merits of the case.[30]

Background

The Ramla Retirement Benefit Scheme ('the Retirement Scheme' or 'the Scheme') is a trust domiciled in Malta and authorised by the MFSA as a personal retirement scheme.[31]

[30] Cap. 555, Art .19(3)(d)
[31] https://www.mfsa.mt/financial-services-register/

As explained by the Service Provider, the Scheme is operated as a member-directed scheme.[32] The Scheme was originally named as *Elmo International Retirement Plan* under its previous trustee, *Elmo Pensions Ltd*, prior to the Elmo retirement plan being acquired by SPS.[33] The acquisition was finalised in June 2021, as explained by the Service Provider.[34] SPS is accordingly the trustee and RSA of the Scheme.

The Complainant, born in 1956, became a member of the Retirement Scheme in 2016. A transfer of GBP 79,080.71 was made into his Scheme in Dec 2016 as per the Member Account Statement issued by SPS covering the period *'01/01/2016 – 13/01/2025'*.[35] A total of GBP 56,468.99 was sent for investment to the Gravitas platform in January 2017 (after deduction of a withdrawal and fees). The Complainant's investment portfolio was held within the Gravitas investment platform.

According to the said Member Account Statement, the Complainant received back a total of GBP 56,749.26 from his Retirement Scheme over the eight-year period till the Scheme was closed by December 2024:[36, 37]

- GBP 19,770.18 as a PCLS in January 2017; [38]
- GBP 14,246.27 as an FAD Income payment in March 2023; [39]
- GBP 11,980 as an FAD Income payment in July 2023;
- GBP 9,325.41 as an FAD Income payment in November 2024;
- GBP 1,427.40 as an FAD Income payment in December 2024.

By June/July 2023, the Complainant's investment portfolio was liquidated, other than for two problematic investments – the '*Fortuna Opportunity Sub-Fund 1'* and the '*Level One Investments S.A. – Uavend Real Estate Fund'*.[40]

It is noted that according to the *'Pensions Benefit Statement'* issued by SPS for the year ending 31 December 2023, the Complainant's cash holding value as at

[32] P. 63
[33] P. 9
[34] P. 62, 73 & 75
[35] P. 127 - 128
[36] *Ibid.*
[37] A loss of GBP 22,331.45 (equivalent to a 28% net loss over his original transfer).
[38] PCLS (Pension Commencement Lump Sum payment)
[39] FAD (Flexi-Access Drawdown payment)
[40] P. 18, 103 & 134

end December 2023 was of GBP 14,692.64 (predominantly made up of a GBP cash balance of over GBP 13,000, together with a cash balance of USD 724.26 and a cash balance of EUR 529.31).[41] This cash balance was eventually used for payments and withdrawals undertaken throughout 2024.[42]

As indicated above, the portfolio security holdings as at 31 December 2023, comprised of only the two problematic investments – the Fortuna Fund valued as GBP 7,480.96 and the Uavend Fund valued at GBP 3,775.72 at the time.[43]

The Gravitas Investor Summary Statement indicated that a purchase of GBP 12,037 was made on 4 September 2017 in the Fortuna Fund (plus an initial investment fee paid of GBP 633.98), whilst a purchase of GBP 7,021.84 was made in the Uavend Fund on 1 September 2017 (plus an initial investment fee paid of GBP 369.56).[44] The Complainant waived his rights in respect of the two investments through a letter dated 23 April 2024.[45]

Apart from the loss incurred following the waiver of rights on the two problematic investments, the Complainant paid various fees applicable at the Scheme level as outlined in the SPS's Member Account Statement[46] and separately on the Gravitas investment platform (the 'veri-platform') as outlined in the Investor Summary Statement issued by Gravitas.[47]

Timeline

The following is a timeline and summary of key communications relating to the Scheme as emerging from the evidence produced during the proceedings :

a) 6 Oct 2022 – Email from *Financial Freedom Capital Management LLC* (*'*FFCM') to SPS where the adviser stated:

> *'We want to consider all of his options.*

[41] P. 18
[42] P. 129, 134 & 143
[43] *Ibid.*
[44] P. 132 & 135
[45] P. 121 - 122
[46] P. 127 - 128
[47] P. 129 - 145

If the client were to leave the 2 suspended funds with you in the QROPS in Malta, would you be willing to do a partial transfer of the rest of his portfolio (which would be liquidated in cash) minus a buffer for your fees etc to a UK SIPP?

Please let me know if this is an option'. [48]

b) 10 Oct 2022 – SPS informed FFCM that they were looking into their query and that *'In the meantime, you can also check with the UK SIPP whether the suspended funds can be accepted within their SIPP'*.[49]

c) 12 Oct 2022 – FFCM emailed SPS asking for an update and noting *'As confirmed previously, the SIPP cannot take any 'non permitted' assets, so we have to leave them behind'*.[50]

d) 17 Oct 2022 – SPS informed FFCM that they are chasing Gravitas for an update on the suspended funds.[51] With respect to the other matter, SPS's official noted that *'This is something that needs to be referred to the trustees before I can be able to provide you with any further confirmations'*.[52]

e) 26 Oct 2022 – SPS provided FFCM with the response from Gravitas.[53]

f) 27 Oct 2022 – FFCM asked for clarity on its query relating to the transfer, where it stated, *'Can you confirm your stance on whether the client can transfer away the balance of his portfolio and leave these 2 positions behind with you until they get sorted and then you transfer them away when they become available and then close the QROPS?'*[54]

g) 31 Oct 2022 – SPS replied to FFCM stating *'This is something our trustees will need to confirm therefore I will let you know once I receive a response'*.[55]

[48] P. 209
[49] *Ibid.*
[50] P. 208
[51] *Ibid.*
[52] *Ibid.*
[53] P. 207
[54] P. 206
[55] *Ibid.*

h) 4 Nov 2022 – FFCM sent a reminder to SPS.[56]

i) 7 Nov 2022 – SPS informed FFCM that *'We are unable to keep the policy active with the suspended funds only. The member may wish to transfer the entire policy in specie in his personal name and we will treat this as a 100% FAD payment. However, we are still waiting for Gravitas to confirm if this can be done'*.[57]

j) 7 Nov 2022 – FFCM thanked SPS for *'providing an alternative'*. It also requested certain advice on how the FAD payment via units in a fund would be treated with reference to the tax rules.[58]

k) 7 Nov 2022 – SPS confirmed that they *'will treat this the same as if it was a cash income payment therefore, the member will need to declare the value of the assets to the IRS'*.[59]

l) 7 Nov 2022 – FFCM noted to SPS that *'The ultimate goal for the client is to get this policy back to the UK'* and asked SPS to check if Sovereign UK could accept the portfolio as it stood at the time.[60]

m) 9 Nov 2022 – SPS *inter alia* informed FFCM that Sovereign UK *'… cannot accept suspended funds as they are deemed as nonstandard assets and SIPP cannot hold them'*.[61]

n) 9 Nov - 5 Dec 2022 – Various emails between FFCM and SPS to clarify position for UK Scheme.

o) 5 Dec 2022 – FFCM sent email to SPS noting that Sovereign UK *'… have confirmed that the 2 positions that are currently suspended are classified as PIFs (professional Investor Funds).'*[62] FFCM further noted the following:

> *'At no time should the client have ever been classified as a Professional Investor.*

[56] P. 205
[57] P. 204
[58] *Ibid.*
[59] P. 203
[60] P. 202
[61] P. 201
[62] P. 196

As the Trustees of the pension plan, why would they have allowed the client to purchase a fund outside of his status as a retail investor? The Trustees are there to make sure the pension is run in the best interests of the client at all times. Buying a high risk professional fund for a retail client should never have been allowed or approved.

Can you investigate and provide some information on this?' [63]

p) 7 Dec 2022 – SPS forwarded FFCM's email of 5 December 2022 to Elmo Insurance.[64] Various reminders from SPS to Elmo subsequently ensued during December 2022 to March 2023.[65]

q) 28 Jan 2023 – Email from Complainant to SPS wherein the Complainant noted that *'I have been retired for one year … and* ***would now like to withdraw my pension funds … Could you also explain to me the process for closing my pension fund*** *and an idea of how long it will take until the funds reach my chosen bank account'*.[66]

r) 2 Feb 2023 – SPS replied enclosing a valuation statement and noting *inter alia* that *'If you would like to take your pension as a 100% Flexi-Access Drawdown payment we would require the following … Please also note that to close the pension there will be a Sovereign termination charge of a minimum of £2,000 (as per the attached fee schedule) and there might also be surrender charges from the investment provider to close the account and send us the funds'*.[67]

s) 2 Feb 2023 – Complainant replied to SPS noting his shock in seeing the total valuation of his fund dropped by *'13% in less than 6 months'*.[68] The Complainant also asked SPS to provide certain clarifications regarding the performance of his Scheme and enquired about the required documents for proof of identity.

[63] *Ibid.*
[64] *Ibid*.
[65] P. 193 - 195
[66] P. 76 – Emphasis added by the Arbiter
[67] P. 77
[68] P. 78

t) 3 Feb 2023 – As to the performance of his funds, SPS referred the Complainant to his investment advisor. SPS explained its requirements regarding proof of identity and, also, attached certification guidelines.[69]

u) 10 Feb 2023 – Benefit Election Form completed by the Complainant dated 10 February 2023 requesting a 25% of his pension fund value as *'Flexi-access Drawdown'*.[70] The withdrawal was indicated to be made 100% from four funds that featured in his portfolio at the time).[71]

v) 11 Feb 2023 – Complainant notified SPS that '*I would like to apply for a 25% PCLS withdrawal from my pension fund,'* noting also that *'I have completed the attached RAMLA form after taking advice from my financial adviser …'*.[72]

In the same email, the Complainant also stated that *'I am concerned about my investments in the Fortuna and Uavend funds and would like to know what plans there are to make those funds available to withdraw or re-invest in the near future'*.[73]

w) 14 Feb 2023 – SPS acknowledged the Complainant's email including attachments notifying him that *'this request will be processed'* and they will keep him updated accordingly.[74]

x) 15 Feb 2023 – SPS notified the Complainant that '*Upon processing your request we have noticed that you have already taken your PCLS entitlement, therefore any income requests will now be Flexi-Access Drawdown and we will require the correct section to be completed confirming the amount you wish to avail of*'.[75]

y) 15 Feb 2023 – Complainant informed SPS that he has *'modified the form to request a Flexi-Access Drawdown as you suggested*'.[76]

[69] *Ibid.*
[70] P. 83 - 88
[71] P. 86 & 89
[72] P. 82
[73] *Ibid.*
[74] *Ibid.*
[75] P. 81
[76] *Ibid.*

z) 20 Mar 2023 – SPS requested confirmation from the Complainant's adviser regarding certain conversion from the cash account.

aa) 20 Mar 2023 – The Complainant's adviser confirmed that SPS may proceed. With reference to his remaining balance also pointed out that the Complainant's *'… current employment status is precarious, and he requires access to more funds'*.[77] The adviser also asked SPS *'What are the options?'*.

bb) 21 Mar 2023 – SPS asked the dealing team of the Veritas Group (Gravitas Finance) whether there would be any charges if they had to close the Complainant's account and request a full surrender. SPS also asked whether there are *'any issues with the fortuna and Uavend investments'*.[78]

cc) 23 Mar 2023 – Veritas indicated a *'current surrender charge: GBP 226.10'* and explained that they were having difficulties in communicating with the fund administrator of the funds.[79]

dd) 23 Mar 2023 – FFCM sent email to Elmo Insurance (copying in SPS and Veritas) referring to the various chasers SPS sent to Elmo since their query of December 2022. The adviser *inter alia* noted:

> *'We have multiple threads going on with multiple people over this situation, which affects 4 of our clients and is taking up massive amounts of time unnecessarily.*
>
> *Ultimately the clients wants to get out of this situation asap and need to know their options, but right now we are still 100% completely in the dark.*
>
> - *You confirmed they cannot transfer the positions to Sovereign UK*
> - *You confirmed that they couldn't leave these positions behind and transfer everything else*

[77] P. 96
[78] P. 93 - 94
[79] P. 93

- *You confirmed that they could take these positions as positions as part of a FAD – can you confirm the logistics on this?*

… If the positions were in administration we could waive them, however right now they are stuck in limbo and no one has any idea how to sort or fix the issue or maybe its apathy, but it needs sorting!

Please will someone with some sort of authority reply to Marsha so we start formulating a conclusion to something we initially started talking about nearly a year ago and please can someone from Reyker/JTC give us a solid update on what is going on with these positions.' [80]

ee) 20 April 2023 – Further to reminders on 31 March and 19 April 2023, Veritas explained that they *'finally received the information from the JTC after various attempts'*.[81] With respect to the Uavend fund, it noted that *'the fund is currently under liquidation since the 26.08.2022'* and that they were *'unfortunately…still waiting for the finalisation of the liquidation'*.[82] With respect to the Fortuna fund, they advised that this fund was no longer with JTC.

ff) 04 May 2023 – FFCM sent a strong reminder to Elmo, SPS and Veritas (apart from others), noting that *'another 2 months'* had passed with no reply received. FFCM *inter alia* stated that *'You have all failed in your duty of care to these clients and by providing no communication or updates to any of our complaints you are in breach of regulatory standards and a code of conduct you adhere to …'*.[83]

FFCM asked Elmo and SPS that they still *'… need clarity in how Elmo/Sov allowed retail investors to invest in a fund for professional investors only (my email 5th December) a position we understand was risk rated much higher than the clients own risk tolerance'*.[84]

[80] P. 192
[81] P. 91
[82] *Ibid.*
[83] P. 191
[84] *Ibid.*

gg) 5 May 2023 – Reply from Veritas Group providing an update on the two holdings (Uavend and Fortuna funds).[85]

hh) 12 July 2023 – Email from the Complainant's adviser to SPS notifying it that they have already **sent a dealing instruction *'to sell all assets'***.[86]

ii) 18 July 2023 – SPS sent an email to the Complainant's adviser (with the Complainant in copy) where it notified that they were processing his instruction and requested him to *'provide the outstanding information/ documentation requested*'.[87] In its email, SPS *inter alia* noted that:

> *'The Member has requested a One-off payment of £21,000.00 as FAD entitlement. At the time that we calculated the maximum amount we did not take into consideration our minimum investment value. Therefore, we have reassessed the maximum allowable partial withdrawal which now amounts to GBP 12,000.00. The minimum investment value is GBP 25,000.00. Kindly note that [the Complainant] is invested in The Uavend asset which is in liquidation, therefore this was also taken into consideration (the fund administrator/ liquidator will not facilitate any in specie transfer of the fund). Please ask [the Complainant] to confirm if he wishes to proceed with the £12,000 one off payment. We will not be able to submit the withdrawal instruction until we are in receipt of this confirmation …'.*[88]

jj) 18 July 2023 – Complainant *inter alia* confirmed to SPS that he *'… will accept an initial transfer of 12,000 GBP as [he] require funds urgently'*.[89] He confirmed the way forward for the conversion of currency whilst providing certain clarifications regarding his residency and work arrangements. He also requested *'… an estimate as to when I am likely to receive the funds'*.

kk) 27 Nov 2023 – FFCM asked Veritas/ Elmo Insurance/ SPS *'if anything further has come of the Uavend or Fortuna funds'*, noting *inter alia* that *'Clients would like options so they do not feel they are stuck. If the UAVEND position*

[85] P. 190
[86] P. 103 – Emphasis added by the Arbiter
[87] P. 102
[88] *Ibid.*
[89] *Ibid.*

is now in liquidation and you have had confirmation, can it be waived by the client if needed?'[90]

ll) 11 Feb 2024 – Complainant sent email to SPS where he stated that:

'I will be 68 next month and would like to withdraw my remaining funds. I have been very patient waiting for a resolution of the Fortuna and Uavbond investments but cannot wait indefinitely. My funds should never have been invested there in the first place and I will be taking legal action for compensation once my total losses have been ascertained.

Can you please tell me how I can withdraw the maximum amount and close my account so that I can commence legal proceedings. My financial advisor has been trying for months to resolve this matter with very little progress. It is not acceptable that Sovereign is denying me access to my remaining funds and should be doing more to resolve this situation.

Can you please give me an update on the current situation and advise me on any actions that I can take.' [91]

mm) 20 Feb 2024 – SPS notified the Complainant that they *'have requested the information from Gravitas, and we will get back to you as soon as they reply'*.[92]

nn) 26 Feb 2024 – Complainant sent another email to SPS stating:

'… I will probably be dead before Gravitas gets their act together and my fluid funds are in cash and have not been re-invested because I wish to withdraw them and close my fund. This is not possible because of Sovereign's minimum investment amount of 25,000. I doubt that Gravitas will resolve the problems with the Fortuna and Uavibond investment any time soon which is why I asked if there was any way that I could waive those investments to allow me to withdraw the rest of my funds. My financial advisor has also been pushing Gravitas but they are just not responding and taking any responsibility.

[90] P. 189
[91] P. 108
[92] P. 109

It is essential that I can get my hands on those funds this year and I will take legal action against Sovereign if they can't find a way to release those funds to me.' [93]

oo) 13 Mar 2024 – SPS informed the Complainant, *'… that we are currently looking into Fortuna and Uavend bond investments with regards to your request to waive your rights to the suspended funds'* and will be reverting shortly.[94]

pp) 18 Mar 2024 – SPS sent an email to the Complainant informing him that it *'… received confirmation from Gravitas that they permit the waiver of rights for the fund. We have reviewed this matter and have agreed to extend the option to waive rights to both the Level One and Fortuna Funds'*.[95]

SPS listed the forms and documentation that it required to *'initiate the review of a payment request'*, emphasising that *'… we cannot initiate the process until we have received all the required documents'* and that there might be charges applied by the investment provider.[96]

qq) 23 April 2024 – Benefit Election Form completed by the Complainant listing a 100% of the pension fund value for the Flexi-access Drawdown.[97]

rr) 23 April 2024 – Complainant signed letter to waive his rights to the Uavend and Fortuna funds held with Gravitas.[98]

The said letter *inter alia* confirmed his understanding that '*this means I am giving up any value currently attributed to the Suspended Assets and/or any future value that they might have (if any)'*.[99]

[93] Ibid.
[94] P. 112
[95] P. 111
[96] *Ibid.*
[97] P. 115 - 120
[98] P. 121 - 122
[99] P. 122

Observations and Conclusions

Trustee obligations

In its role as trustee of the Scheme, SPS is subject to the Trusts and Trustees Act ('TTA'), Chapter 331 of the Laws of Malta. Article 21(1) of the TTA which deals with the '*Duties of trustees*', *inter alia* stipulates that the trustee is to act as a ***bonus paterfamilias.*** The said article provides that:

> *'(1)* ***Trustees shall in the execution of their duties and the exercise of their powers and discretions act with the prudence, diligence and attention of a bonus paterfamilias,*** *act in utmost good faith and avoid any conflict of interest'.* [100]

Article 21(2)(a) of the TTA, further specifies that:

> ***'Subject to the provisions of this Act, trustees shall carry out and administer the trust according to its terms; and, subject as aforesaid, the trustees shall ensure that the trust property is vested in them or is under their control and shall, so far as reasonable and subject to the terms of the trust, safeguard the trust property from loss or damage*** *…'.* [101]

In its role as Trustee, SPS was accordingly duty-bound to administer the Scheme and its assets to high standards of diligence and accountability.

The RSA's duty to act in the best interests of the scheme's member in terms of the MFSA's pension rules has also been long highlighted by the Arbiter in various of his previous decisions.[102]

Key aspects

It is noted that when SPS took over as trustee in 2021, the Fortuna and Uavend funds already formed part of the underlying investment portfolio of the Scheme (as they had been purchased way back in September 2017 as indicated above).

It is further noted that, as explained by SPS (in its letter of 14 November 2024):

[100] Emphasis added by the Arbiter
[101] Emphasis added by the Arbiter
[102] One of the first decisions for example is that of 28 July 2020 - https://financialarbiter.org.mt/sites/default/files/oafs-decisions/ASF%20028-2018%20et.pdf

> *'The Fortuna Fund was placed under suspension on the 4th October 2023 [2022?],*[103] *at which point it ceased calculating its Net Asset Value (NAV) and halted both issuance and redemption of shares. Meanwhile, the Uavend was suspended from trading following its last available NAV on 30th October 2020, and subsequently entered liquidation on the 16th January 2023'.*[104]

As emerging from the timeline above, it is clear that discussions about the options the client had with respect to his Retirement Scheme had already commenced from October 2022. The discussions that were held at the time, however, related to a possible transfer of the Scheme's assets to a personal plan in the UK.

On 28 January 2023, the Complainant had nevertheless already expressed his wish to close his Scheme as per the timeline above, with SPS subsequently explaining the procedure. On 11 February 2023, the Complainant only applied for a 25% PCLS withdrawal, which was later adjusted to a Flexi-Access Drawdown. In March 2023, the closure of the Complainant's Scheme was again raised, where SPS enquired with Gravitas regarding the possibility of a *'full surrender'*.[105]

The need and urgency of the options to access his funds was furthermore clearly highlighted to SPS in both emails of 20 and 23 March 2023, as outlined in the timeline above.

It is also clear that around July 2023, the Complainant had sold all of his remaining investments in his pension plan (other than for the two suspended funds which remained the only security holdings apart from cash holdings).[106]

The Arbiter further notes that on 18 July 2023, SPS halted the Complainant's requested withdrawal, reducing the allowable amount to be withdrawn in view of the minimum investment limit of GBP 25,000 that SPS required to be retained in the Scheme.

[103] The reference to 4 October 2023 in SPS's letter of 14th November 2024 seems erroneous given that in October 2022 and early 2023 discussions were already held about the suspended funds as per the details included in the section titled 'Timeline'.
[104] P. 10
[105] P. 94 – SPS's email to Veritas of 21 March 2023
[106] Email dated 12 July 2023 from the Complainant's adviser confirmed instruction to sell all assets – P. 103.

The Arbiter considers that SPS, as the trustee and RSA of the Scheme, had as a *bonus paterfamilias* a duty to actively intervene at the very least at that stage to find an adequate and reasonable solution in the best interests of the Complainant.

The intervention of SPS was necessary to **preserve** what was left of his remaining rather small Retirement Scheme and effectively execute the Complainant's wish to surrender and encash his Scheme to receive the needed funds. Despite the absence of a formal closure form, it clearly emerges that by July 2023, SPS was aware of the Complainant's wish for the closure of his Scheme and his need and urgency to receive his pension funds, with his investment assets ordered to be all sold.

SPS was also aware of the very small amount remaining in his pension, which was going to continue to be materially depleted by the ongoing fees applicable throughout his pension structure.

The Arbiter notes that by the end of December 2023, the Complainant was indeed left with **an untenable situation**, with just GBP 14,692.64 as cash holdings (which he could not access due to the GBP 25,000 internal minimum investment limit insisted upon by SPS) and GBP 11,256.68 in suspended problematic funds.[107]

Whilst the Arbiter appreciates the difficult situation with respect to the remaining suspended funds, he does not consider that SPS's actions were reflective of the prudence, diligence and attention of a *bonus paterfamilias* expected from it in the circumstances.

Firstly, the insistence for, and application of, SPS's own minimum investment limit of GBP 25,000, effectively leaving him with a liquid remaining balance of less than GBP 15,000, was inappropriate and not in the best interests of the Complainant in the circumstances.[108] The passive, indifferent approach and lack of sensitivity to the Complainant's small remaining pension cannot be

[107] P. 18

[108] The own minimum investment limit of GBP 25,000 applied generally by SPS should not have reasonably been applied in the instance where the scheme was in the process of or intended to be soon closed, and in a situation where there was no intention to reinvest, as was evident in the complainant's case by July 2023.

justified with reference to the duties and obligations of the trustee and retirement scheme administrator.

Secondly, no comfort has been provided to the Arbiter that sufficient measures were reasonably taken by the trustee and RSA of the Scheme to safeguard the trust property.

The Arbiter has not seen any reasonable solutions, tangible attempts, or proactive discussions pursued by the trustee with the Complainant, his adviser, and Gravitas to truly address the Complainant's situation and safeguard his remaining pension. The member was left on his own, waiting in anticipation of uncertain developments on the illiquid assets, and with a relatively small, inaccessible cash balance from which fees could, however, continue to be paid to the service providers appointed to his pension arrangement.

To unblock the situation and be able to access his remaining funds and exit the Scheme, the Complainant ended up, in the desperate and unfortunate situation, where a year later, in 2024, he himself decided to completely waive all his rights to the two suspended funds.

A tangible remedy and reasonable solution centred on the client's best interests was reasonably expected and should have been proactively pursued by the trustee at the latest around July 2023, with an active discussion with the Complainant, his adviser, and the platform provider to safeguard the Complainant's interests.

It has not emerged whether consideration was, for example, made of:

(i) the possibility or otherwise of allowing the payment of all or most of his remaining liquid assets (as opposed to a transfer of his assets to another pension plan that was considered earlier by his adviser in 2022), with the illiquid portion of his remaining investments retained into a scheme structure classified as 'dormant' or 'inactive' where a full/partial waiver of certain fees could have been considered for such inactive/dormant account;

(ii) (ii) the possibility of the transfer of illiquid funds to a separate custody account with minimal fees;

(iii) (iii) other possible arrangements similar to that of a side-pocket arrangement where the complainant's exposure to the illiquid assets is preserved whilst granting full access to his liquid portion. Even in the instance where none of such actions were possible or viable, the Arbiter has, in any case, not seen any real and active efforts to safeguard and preserve what was left of the Complainant's remaining assets, with the closure of the Scheme ultimately occurring only by the end of 2024 after the waiver of illiquid assets.

It is noted that in its final submissions, the Service Provider rebutted the Complainant's allegation that it *'failed to show compassion or acted unreasonably'*, pointing out that *'Despite an exceptionally prolonged closure process involving extensive correspondence, repeated clarifications, and significant additional administrative work, SPSL did not levy hourly or time-based charges, notwithstanding that such charges were expressly provided for in the fee schedule'*.[109]

SPS further pointed out that it *'also voluntarily covered exchange rate shortfalls and bank charges during the final stages of closure'.* It emphasised that *'the closure process required considerable resources and coordination, far exceeding what is typical for similar cases',* noting also that it *'… responded to every enquiry, and demonstrated flexibility well beyond its contractual obligations'*.[110]

The Arbiter considers that the duties and obligations of a trustee and retirement scheme administrator, however, warrant a different appreciation and assessment to that made by the Service Provider. This is also because such duties extend beyond the mere processing of formal instructions in the required forms and responses to inquiries, to which the Service Provider has seemingly confined its role.

Whilst the Arbiter cannot waive the exit fee payable on the Complainant's Scheme, given that this was part of the contractual arrangement he had ultimately signed up for, the Arbiter, however, recognises that the actions/ inactions of SPS as outlined above have led to certain damages suffered by the

[109] P. 219
[110] *Ibid.*

Complainant. There are accordingly justifiable grounds for compensation in the particular circumstances of this case.

The Arbiter shall thus determine a compensation which, in his opinion, is considered appropriate with reference to the amount claimed.

Other aspects - Requested statement and clarifications

As to the provision of the full annual statement and queries related thereto, the Arbiter *inter alia* notes the Service Provider's further clarifications in its letter of 14 November 2025, as well as the Complainant's comments in the attachment to the Complainant's subsequent email of 16 November 2025.[111]

Further to the foregoing and the lack of clear as well as unsubstantiated claims emerging in this regard, the Arbiter considers the Complainant's supplementary queries and clarifications requested regarding the transactions involving his Scheme as a closed matter which does not necessitate further action or rulings in this decision.

Other ancillary aspect

The Arbiter shall also comment on another aspect ancillary to this Complaint but which he has observed during the review of the documentation produced during the proceedings of this case.

It is noted that despite the serious allegations and claims made on 5 December 2022 relating to the alleged unsuitability of certain investments (in respect of which an investigation and feedback were requested),[112] no response appears to have been provided by SPS and Elmo five months after. As per the timeline above, strong reminders were sent to both SPS and Elmo on 23 March 2023 and 4 May 2023 asking for a reply.

The Arbiter considers it highly unprofessional and utterly unacceptable for a licensed financial services provider to ignore, procrastinate and leave material aspects raised by a complainant unanswered.

[111] P. 217 & 245

[112] The claimed unsuitability of investments is not being a subject matter of this Complaint.

Apart from such inappropriate behaviour being strongly rebuked by the Arbiter, this specific issue is also being drawn to the MFSA's attention (given the apparent breach of the procedures for responding to complaints, as outlined in the MFSA's Conduct of Business Rulebook applicable at the time).

This matter, which does not form part of the Complaint made by the Complainant, is an ancillary observation made by the Arbiter which, for the avoidance of doubt, has no bearing or effect on the extent of compensation awarded in this case.

Conclusion and Decision

For the reasons amply stated in this decision, the Arbiter considers the Complaint to be fair, equitable and reasonable in the particular circumstances and substantive merits of the case[113] and is accepting it insofar as it is compatible with this decision.

Given the identified shortcomings outlined earlier, the Arbiter concludes that it is fair, equitable and reasonable in the particular circumstances and substantive merits of the case to award the Complainant compensation for damages in the sum of GBP 2,000. This when also taking into consideration the main fees paid after year-end 2023,[114] and the damages suffered by him[115] including the unnecessary delay in accessing his funds when he needed them urgently.

Therefore, in accordance with Article 26(3)(c)(iv) of Chapter 555 of the Laws of Malta, the Arbiter orders Sovereign Pension Services Limited to pay the amount of GBP 2,000 (two thousand pounds sterling) as compensation to the Complainant for the reasons stated in this decision.

[113] Cap. 555, Article 19(3)(b)

[114] In particular, the following main fees charged on his Retirement Scheme: Annual Trustee Fee of GBP 440 charged on 08/11/2024 (for the period 02.11.2023 – 01.11.2024); Change of Adviser Fee (GBP 200); and US Reporting Fee 2024 (GBP 200) - P. 128. Various other small fees ranging between GBP 3 to GBP 59 (in total over GBP 250) were charged in 2024 on the Gravitas platform (such as in 'Administration Fee', 'Custodian Recovery Settlement') – P. 137/138.

[115] It was not indicated what residual value could have been feasibly recouped from the illiquid investments – the Fortuna Opportunity Sub-Fund and the Uavend Real Estate Fund which up until 31 December 2023 were, however, still reflected with a market value of GBP 7,480.96 and GBP 3,775.72 in the Pensions Benefit Statement for the year ending 31 December 2023 - P.18.

With interest at the rate of 4% p.a.[116] from the date of this decision till the date of payment.[117]

The costs of these proceedings are to be borne by the Service Provider.

Alfred Mifsud
Arbiter for Financial Services

Information Note related to the Arbiter's decision

Right of Appeal

The Arbiter's Decision is legally binding on the parties, subject only to the right of an appeal regulated by article 27 of the Arbiter for Financial Services Act (Cap. 555) ('the Act') to the Court of Appeal (Inferior Jurisdiction), not later than twenty (20) days from the date of notification of the Decision or, in the event of a request for clarification or correction of the Decision requested in terms of article 26(4) of the Act, from the date of notification of such interpretation or clarification or correction as provided for under article 27(3) of the Act.

Any requests for clarification of the award or requests to correct any errors in computation or clerical or typographical or similar errors requested in terms of article 26(4) of the Act, are to be filed with the Arbiter, with a copy to the other party, within fifteen (15) days from notification of the Decision in terms of the said article.

In accordance with established practice, the Arbiter's Decision will be uploaded on the OAFS website. Personal details of the Complainant(s) will be anonymised in terms of article 11(1)(f) of the Act.

[116] Equivalent to the current Bank of England Bank Rate.
[117] It is to be noted that in case this decision is appealed, should this decision be confirmed on appeal, the interest is to be calculated from the date of this decision.

Costs of the proceedings

In terms of article 26(3)(d) of Cap. 555 of the Laws of Malta ('the Act'), the Arbiter has adjudicated by whom the costs of the proceedings are borne and in what proportion, taking into consideration the particular circumstances of the case.

The costs of the proceedings may include any reasonable lawful professional and legal fees paid by the Complainant limited to the acts filed during the proceedings of the case. Such professional fees should not include any contingency judicial fees and charges.

The extent of tariffs and fees in respect of professional or consultancy services rendered to customers in relation to the claims or proceedings under the Act, that may be lawfully and reasonably requested as part of the said costs of proceedings, are not defined in the current provisions of the Act. However, the Arbiter expects these to be benchmarked on tariffs and fees as stipulated and applicable for Civil Court proceedings in Malta under the Code of Organisation and Civil Procedure.