

2nd May, 2024

NEWS RELEASE

BUILDING SOCIETIES TO VOLUNTARILY OFFER FINANCIAL HELP TO THEIR CUSTOMERS AFFECTED BY THE COLLAPSE OF PHILIPS TRUST CORPORATION

Leeds, Newcastle and Nottingham building societies (“the societies”) today announce details of a significant voluntary financial support initiative to help their customers, whose trusts are affected by the collapse of Philips Trust Corporation.

The societies are deeply saddened by the impact of Philips Trust Corporation’s actions on customers and their families. Each society recently confirmed at their respective AGMs their intention to provide meaningful voluntary financial support to impacted customers. This announcement provides clarity around what that meaningful support means.

Although none of the societies ever had a relationship with Philips Trust Corporation and there is no legal or regulatory requirement to offer financial help, they are standing by their purpose-led, mutual principles and each society is using their strong financial foundations to voluntarily offer support to their respective customers.

What this means for affected customers

Support will be provided where a customer was initially referred by one of the societies to the Will Writing Company/Estate Planning Group/Family Trust Corporation and where Philips Trust Corporation subsequently became a trustee of their trust and remained so at the point of administration, or, as at the date of its administration, Philips Trust Corporation held an investment on behalf of their trust and continues to do so. Support will be directed towards:

- 1. Trusts involving investments: re-establishing 100% of each customer’s Philips Trust Corporation investment balance (i.e. each customer’s Accepted Claim as verified by Kroll, the administrators).**

Accepted Claims are verified as part of the Distribution Plan approved by the court on 31st March, 2023. Offers will be valid for 6 months on a full and final basis. In view of the voluntary support, the societies will look to ensure that any future recoveries from the investments which become available for distribution will be used to reimburse the societies, up to the amount of the voluntary payment made.

- 2. Trusts involving a property: providing up to £2,400 towards the cost of replacing Philips Trust Corporation as trustee and appointing a new trustee.**

This is applicable both to customers who have already transferred their trust away from Philips Trust Corporation after the date of the administration and for those customers who have yet to do so. This will be inclusive of any support already provided to customers involving the appointment of new trustees.

- 3. The small number of investment-only trusts: providing a financial contribution towards replacing Philips Trust Corporation as trustee and appointing a new trustee, the cost of which is yet to be determined.**

What happens next

There is no action required by customers at this time.

The situation remains complex, with more work required with Kroll to define and agree the process to enable the financial support to be paid.

Affected customers will be contacted directly by Kroll with a further update by the end of May.

Statements from the societies

Richard Fearon, Leeds Building Society Chief Executive, said: “We’ve been profoundly saddened by what has happened to members and their families. They’ve suffered horribly as a result of Philips Trust Corporation’s shameful behaviour.

“These extraordinary circumstances require an extraordinary response and that is what we’re delivering. As a purpose-led, member-owned organisation I’m pleased to be offering this meaningful support, whilst balancing the interests of all of our members.

“We continue to urge the police to investigate, and we’ll give our full support to the relevant authorities in bringing those responsible to account for the deep distress they have caused.”

Andrew Haigh, Newcastle Building Society Chief Executive, said: “We are very concerned by, and sympathetic to, the difficult situation faced by people who have been affected by Philips Trust Corporation.

“It has been extremely distressing to hear the customer stories and the impact on their lives. Our members understand our commitment to purpose and our support for the communities we serve, which makes it even more important that we go ahead with this voluntary support for members at this time of great difficulty.

“It is clear that these difficulties are a direct result of the actions of Philips Trust and we will continue to offer support to any current or future police investigation which aims to hold those responsible to account.”

Sue Hayes, Nottingham Building Society Chief Executive said: “Members impacted by the actions and administration of Philips Trust have experienced a terrible chain of events and we hope today’s announcement provides some comfort.

“As a mutual, we want to stand behind those members and we believe our whole community would wish us to do so. We believe the significant financial support outlined today achieves that whilst balancing the interest of the wider membership.

“We have been working hard for a number of months to unravel the facts in this hugely complex situation. We would like to thank the many members that have supported our enquiries. We have been deeply saddened and frustrated to hear their stories and are truly sorry they have ended up in this position.

“Our focus now is on providing these voluntary payments as quickly as possible.

“Alongside others, we will continue to support action to hold Philips Trust to account.”

ENDS

Notes to editors

1. The support offered is voluntary, at the discretion of each society and seeks to take account of the unique circumstances of the situation. It is based on the current information available to the societies from Kroll.
2. The voluntary support that is offered may, in some situations, have tax implications for the trust/beneficiaries, and as such is a matter for the trust/beneficiaries. The societies cannot give any guidance or advice as each situation is unique. Customers may wish to seek assistance via independent advisers.
3. The voluntary support does not cover any additional legal or advice costs.

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Background

The societies arranged introductions to The Will Writing Company, which was part of Estates Planning Group, at differing times between 2005 and 2018 to provide later-life planning services.

The societies stopped referrals to The Will Writing Company between 2017 and 2018 when its service began to deteriorate. The Will Writing Company went into administration in 2018, after which Philips Trust Corporation became the trustee of some trusts belonging to a small number of customers originally referred by the societies and holder of some investments.

The societies were not involved in the transfer of trustee, any agreements customers entered into with Philips Trust Corporation or any decisions taken by Philips Trust Corporation.

Subsequently, assets in some investment trusts were moved from low-risk funds with reputable companies into high risk funds. Customers encountered severe difficulties in dealing with Philips Trust Corporation and it entered administration in 2022. The administrators, Kroll, have recently confirmed that a significant proportion of the high-risk investments are likely to be lost.

Action taken by the societies

On hearing members' concerns about their experiences with Philips Trust Corporation, the societies promptly raised them with the relevant authorities.

As the societies never had a relationship with Philips Trust Corporation or any influence over it, they have been limited in how they can directly help. However, they have been intensively



monitoring the situation and have been in regular contact with Kroll to build a clearer picture of the impact on their members.

Following a review of the matter, the Financial Conduct Authority stated in [its update](#) on 22nd March, 2024: “Our understanding is that it was the actions of PTC, not the building societies, which caused customers to experience investment losses. We can’t hold the building societies responsible for the actions of PTC, which did not exist at the point that the building societies referred customers to the EPG.”