Introduction to the Dormant Assets Scheme

ABOUT THE DORMANT ASSETS SCHEME

The Dormant Assets Scheme (‘the Scheme’) was first established in 2011 through the Dormant Bank and Building Society Accounts Act 2008 as a voluntary scheme for UK banks and building societies.

Financial institutions who choose to participate first take extensive efforts to trace the original asset owners and reunite them with their money. Having done so, they can transfer the value of dormant assets to Reclaim Fund Ltd (RFL), the operator of the Dormant Assets Scheme.

RFL guarantees future reclaims, and transfers surplus funds (i.e. those not required to cover future reclaims) to social and community initiatives via the National Lottery Community Fund.

Over 40 banks and building societies have joined the Scheme, and transferred £1.6bn in dormant assets to RFL, of which £892m has been distributed to good causes (as of June 2022).

Following the success of the Scheme, the Dormant Assets Act 2022 expanded the Scheme to providers of insurance and pensions policies, investment and wealth management products and shares in UK publicly listed companies.

WHAT IS A DORMANT ASSET?

Dormant Assets are accounts, funds, policies or shares that have not been accessed for an extended period (15 years in the case of bank and building society accounts, the dormancy period for other assets varies) that financial institutions cannot reunite with their owners.

PRINCIPLES OF THE SCHEME

1. REUNIFICATION FIRST
2. VOLUNTARY PARTICIPATION
3. LIFELONG RIGHT TO RECLAIM

WHERE DOES THE MONEY GO?

RFL transfers surplus funds that are not required to cover future reclaims to the National Lottery Community Fund (TNLCF) which apportions funds in line with the priorities determined in each of the four nations:

1. Financial inclusion; Youth; Social Investment; Community Wealth Fund
2. Young People (Youth Start Programme)
3. Climate change; Environmental; Sustainability; Young People
4. Increase the capacity, resilience and sustainability of the VCSE2 sector

In England, dormant assets funding is distributed to the four dormant assets organisations:

- Big Society Capital
  - bigsocietycapital.com
- Access – The foundation for Social Investment
  - access-socialinvestment.org.uk
- Youth Futures Foundation
  - youthfuturesfoundation.org
- Fair4All Finance
  - fair4allfinance.org.uk

1 New cause announced in 2023 under plans yet to be drawn up.
2 Voluntary, Community and Social Enterprise.
EXPANDING THE SCHEME
Expanding the Scheme to insurance and pensions, investments and wealth management, and shares in UK plc’s could unlock a further £880m to support the UK’s most vulnerable communities and transform lives.

The Scheme will open to the Insurance and Pensions sector in Spring 2023, and remaining sectors during the course of 2023.

WHY PARTICIPATE IN THE SCHEME?
Dormant assets change lives and transform communities. Over 2,500 social and community causes have already benefitted from dormant assets funding, tackling systemic issues such as homelessness, financial inclusion and youth employment.

Good for consumers
Adopting a best-practice approach to tracing and reunification, as required for Scheme participation, demonstrates good stewardship and responsibility towards account and policy holders and their beneficiaries.

Good for society
By participating in the Scheme, financial institutions make a positive and measurable social and environmental impact on the communities in which they operate.

Good for participants
Participating companies can move dormant assets off their balance sheet. Liability for reclaim of dormant assets is transferred to RFL, which benefits participating companies, whilst protecting the rights of customers.

PARTICIPATING IN THE SCHEME
- Participation in the Scheme is governed through a Transfer & Agency Agreement (TAA). Participants can voluntarily transfer the value of dormant assets on an annual transfer date of their choice.
- Acting as an agent for RFL, participants continue to manage their customer relationships, facilitating and verifying any reclams.
- Transferred dormant asset balances subsequently reclaimed by dormant asset holders are reimbursed to the participating financial institution via a quarterly reclaim submission.

INTRODUCING RECLAIM FUND LTD (RFL)
RFL has managed the Dormant Assets Scheme since its inception in 2011. Its purpose is to unlock the potential of dormant assets to enhance communities and enrich lives, whilst safeguarding the rights of dormant asset holders.

RFL is a not-for-profit public body owned by HM Treasury. It operates as an independent legal entity, acting at arm’s length from the government with a separate Board of Directors. RFL is FCA-regulated, with the rights of dormant asset holders guaranteed by the UK government.

A WORD FROM RFL’S CHIEF EXECUTIVE
The Dormant Assets Scheme has always been about people: protecting the interests of consumers by ensuring the perpetual right of reclaim, and harnessing dormant assets funding to empower individuals and communities to achieve their potential. Through the expanded Dormant Assets Scheme, we expect that a further £880 million – and potentially far more, could be made available to dormant asset organisations who fund vital work in our communities.

For further information on the Dormant Assets Scheme, please contact:
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