

June 2020

Dormant Assets Information Guide

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What is the Dormant Assets Scheme?

The Dormant Assets Scheme

The Dormant Assets Scheme is a financial services industry initiative supported by the UK Government.

It was established by the Dormant Bank and Building Society Accounts Act 2008 (the Act). The Act sets out the schemes' two component parts; the 'general scheme' also known as the 'main scheme' enables participating firms to transfer in dormant account funds and the surplus is channelled to good causes across the UK, and the 'alternative scheme' enables firms with balance sheets below £7bn to transfer in dormant account funds and the participating firm nominates its local or aligned charity to receive the surplus. Both schemes are voluntary and guarantee consumer protections.

This process is facilitated by Reclaim Fund Ltd* (RFL), the only authorised reclaim fund in the UK, who operate the scheme by enabling those organisations who voluntarily participate to route dormant asset funds to the nominated distributor, The National Lottery Community Fund (TNLCF).

*RFL are regulated by the Financial Conduct Authority (FCA)

Dormant Assets

Dormant assets are funds held within financial services products which have not been touched for a certain period of time, and attempts to trace their owners to reunite them with their money have been unsuccessful.

Under the current scheme, dormant accounts are UK bank and building society accounts that have had no customer-initiated transactions for 15 years or more, and where the bank or building society has been unable to establish contact with the customer who owns the account.

Firms can lose contact with their customers for a number of reasons: they may move house or change their name without updating their details; they might buy a new financial product and forget about the ones they already own; or they might pass away without leaving a will or beneficiaries.

Core principles of the Dormant Assets Scheme

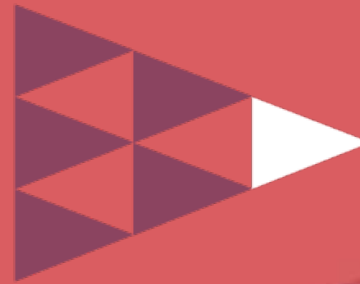
The Dormant Assets Scheme operates according to three core principles, which were established among participating banks and building societies and will also underpin the proposed expanded scheme:



Reunification first

Prioritising consumer protection, assets are only classed as 'dormant' and made available to the scheme after satisfying strict criteria, and only after participating firms have completed their first priority to trace and reunite owners with their assets.

The customer journey is continuous, with customers reclaiming any 'lost' assets through their original product provider, who holds and protects customers' personal data throughout the process.



Voluntary participation

Potential participants can choose whether to contribute to the scheme and to what extent. The scheme is a voluntary commitment by industry to pool dormant assets to help address social challenges.



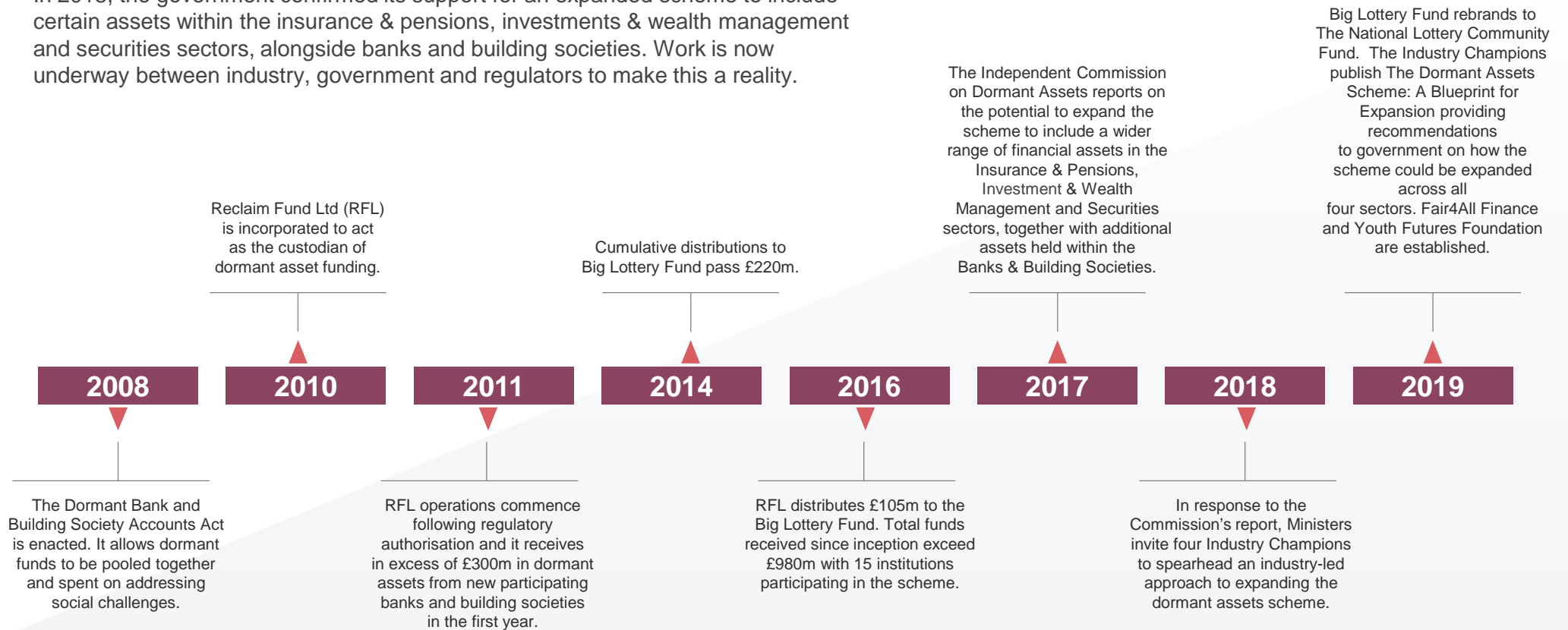
Full restitution in perpetuity

Customers are able to reclaim their funds in full at any point, so they are restored to the same financial position as if the transfer had never occurred. RFL ensures that sufficient funds are available so this guarantee can always be fulfilled.

The success story so far

Since its inception, £1.3bn has been transferred voluntarily from banks and building societies into the Dormant Assets Scheme. The success of the scheme to date means that over £745m has been made available for good causes.

In 2018, the government confirmed its support for an expanded scheme to include certain assets within the insurance & pensions, investments & wealth management and securities sectors, alongside banks and building societies. Work is now underway between industry, government and regulators to make this a reality.



Key stakeholders in the Dormant Assets Scheme

Key stakeholders in the Dormant Assets Scheme

Reclaim Fund Ltd (RFL) – the facilitators of dormant assets scheme, responsible for receiving funds from industry, managing the reserve to meet customer reclaims and making surplus funds available to good causes. Authorised and regulated in March 2011, RFL enables those banks and building societies, that choose to participate ('participants'), to transfer money from their dormant accounts to RFL, where surplus funds, deemed as being amounts in excess of what is required to meet future reclaims, can be distributed to UK charitable organisations for a variety of good causes.

Participants

There are currently 31 Banks and Building Societies who participant voluntarily in the Dormant Asset Scheme, which has been a contributing factor to its success. The participants have a shared commitment to channelling dormant account monies to ensure that idle monies are put to good use to the benefit of society. Companies also benefit by transferring liability for dormant assets to Reclaim Fund Ltd whilst also streamlining their internal processes.

Current participating banks and building societies

- ▶ Allied Irish Bank (UK) p.l.c.
- ▶ ANZ – London branch
- ▶ Bank Hapoalim – London branch
- ▶ Bank Leumi UK plc
- ▶ Barclays Bank PLC
- ▶ Butterfield Bank (UK) Limited
- ▶ Clydesdale Bank PLC
- ▶ Commonwealth Bank of Australia – London branch
- ▶ Consolidated Credits Bank Ltd
- ▶ The Co-operative Bank plc
- ▶ Credit Agricole
- ▶ Danske Bank
- ▶ Duncan Lawrie Limited
- ▶ Emirates NBD – London branch
- ▶ HSBC Bank plc
- ▶ Intesa San Paolo
- ▶ Lloyds Banking Group
 - Lloyds Bank plc
 - Bank of Scotland plc
- ▶ Nationwide Building Society
- ▶ Newcastle Building Society
- ▶ NM Rothschild
- ▶ Riyad Bank
- ▶ Raphaels Bank
- ▶ Royal Bank of Scotland
 - Adam & Company plc
 - Coutts & Co
 - National Westminster Bank plc
 - The Royal Bank of Scotland plc
 - Ulster Bank Limited
- ▶ Santander UK plc
- ▶ TSB Bank plc
- ▶ Virgin Money plc



We are proud to have been able to establish the UK Dormant Asset Scheme on behalf of the UK Government. Over the last nine years we have been able to pass over £745m from Bank & Building Society Accounts, that would otherwise be sitting idle, on to good causes.

The scheme upholds the consumers' right to ensure that dormant account holders can always reclaim money that is rightfully theirs.

We would encourage all sectors to consider using Dormant Assets to change lives.”

Adrian Smith
Chief Executive



Key stakeholders in the Dormant Assets Scheme



The Dormant Assets Scheme is an excellent example of responsible collaboration between industry, government and civil society. It has made available over £600 million to good causes across the UK and continues to fulfil a vital social purpose.”*

Baroness Barran MBE
Minister for Civil Society

*Quote dated 2019 – see page 8 for up to date figures



HM Treasury (HMT) – responsible for the legislation that underpins the Dormant Assets Scheme.



Department for Digital, Culture, Media and Sport (DCMS) – responsible for overseeing the use of dormant assets to support good causes.



The National Lottery Community Fund – responsible for distributing dormant assets to good causes in line with government policy.

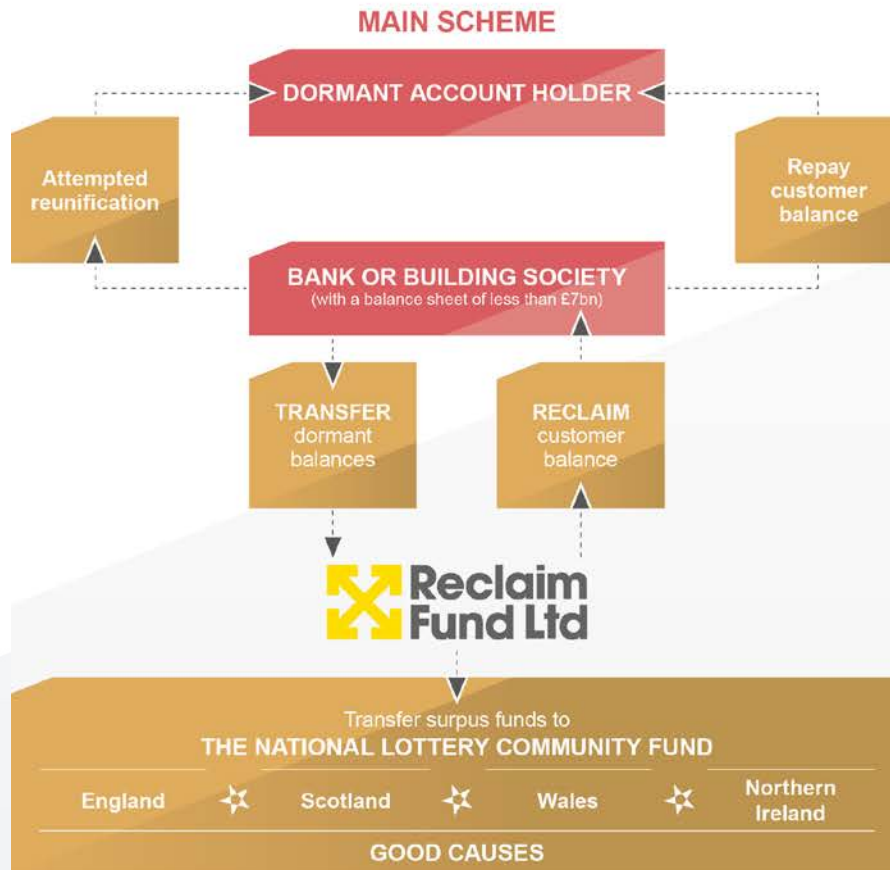


Financial Conduct Authority (FCA) – responsible for the regulation that underpins the Dormant Assets Scheme.

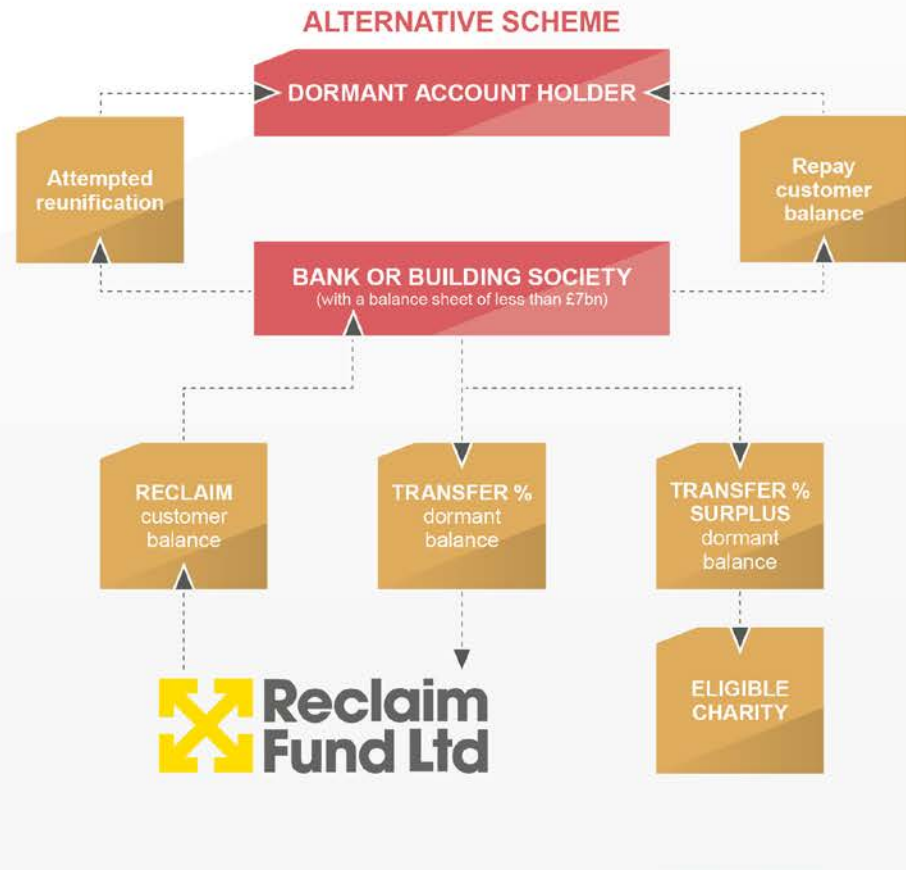
Dormant Assets end-to-end process

These graphics show the organisations that support the scheme and display the key activities and the flows of dormant balances.

All activities are underpinned by The Act; an agency agreement is held between RFL and the participating bank or building society that establishes the contractual framework between each participant and RFL.



Prior to transfer to RFL, banks and building societies make attempts to reunify dormant account holders with their funds. Where this proves unsuccessful, balances that meet the criteria of the Act are eligible to be transferred to RFL. If a dormant account holder subsequently makes a reclaim, the bank or building society reunites them with their funds prior to making a reclaim from RFL.



Perspectives on the Dormant Assets Scheme

RFL's annual 'Enhancing Communities' event took place in October 2019 marking its eighth year, with over 140 attendees from financial institutions and other stakeholders across the UK.

The event brought together stakeholders, participants and good causes from across the Dormant Assets Scheme ecosystem and provided an insight into the work that has been done to date and the work being undertaken with government in relation to the proposed expanded scheme following the Industry Champions' report: The Dormant Assets Scheme: A Blueprint for Expansion.



Dormant Assets Scheme RFL key statistics

£1.3bn

funds
transferred

£745m

made
available to
good causes

2,000

good causes
across
4 nations

**Many
millions**
of
accounts

31

participants

£100m

reclaimed

110,000

accounts
reclaimed

Costs

all costs covered by
investment income

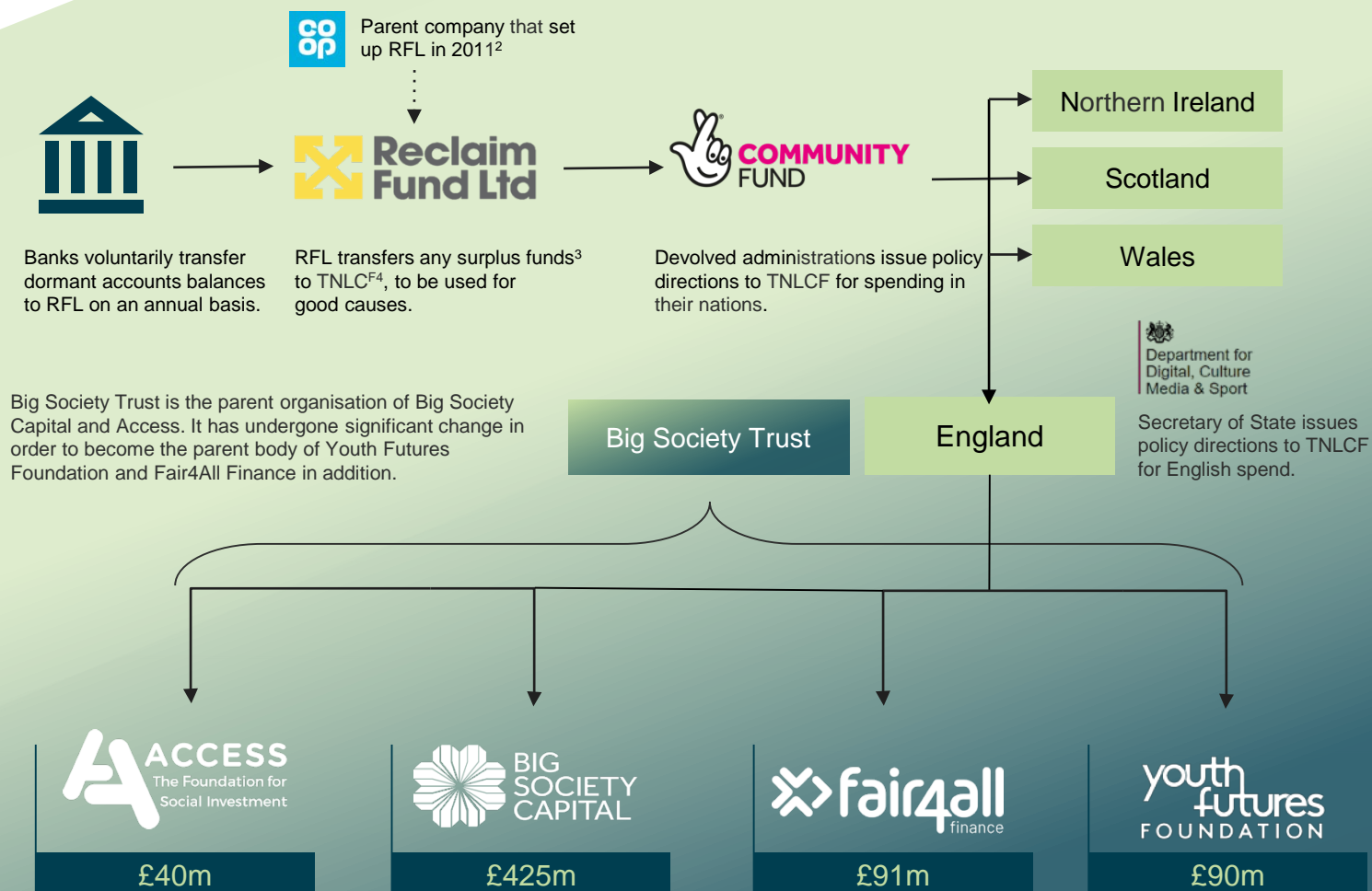
The **benefit** to Society

Distributing dormant assets

Funding made available for good causes is split across England, Scotland, Wales and Northern Ireland. The National Lottery Community Fund (TNLCF)¹ is the distributor of dormant asset funding. Each nation in the UK directs TNLCF on how to distribute its allocation of the funding. In England, it is directed by the Secretary of State for Digital, Culture, Media & Sport (DCMS).

In Scotland, Wales and Northern Ireland, the respective Ministers direct funding to various youth and environmental initiatives.

The Act restricts dormant accounts spending to social or environmental causes. In England, this is further restricted to spending on social investment, youth or financial inclusion. The focus on these three areas enables the scheme to create a lasting legacy, driving systemic change to address entrenched social issues – and protects this impact from being diluted.



Since inception to mid-2019, all English funding has gone to Big Society Capital to tackle challenges using social investment. In response to the coronavirus pandemic an additional £30m of funding has been allocated to Access, Big Society Capital's sister organisation who were originally allocated £10m.

£181m has been allocated to two other independent organisations, Youth Futures Foundation (£90m) and Fair4All Finance (initial funding of £55m, with an additional funding allocation of £36m). Youth Futures Foundation will tackle youth unemployment, while Fair4All Finance will support the financial wellbeing of consumers in vulnerable circumstances.

1. Formerly Big Lottery Fund.

2. Co-operative Banking Group is now Angel Square Investments Ltd (ASIL).
 3. Surplus funds are defined as any funds not held to cover potential future reclaims.
 4. The National Lottery Community Fund was previously known as the Big Lottery Fund.

Putting dormant assets to use



Big Society Capital has used dormant assets money, alongside co-leveraged investment, to help:



More than 2,000 vulnerable people live now live in appropriate housing.



More than 26,000 disadvantaged young people have benefitted from job and training opportunities.



More than 300,000 people have been able to take part in cultural events.

Big Society Capital

is the world's first social investment wholesaler.

To date, it has used £425m of dormant money to attract significant co-investment, making well over £1.9bn available for charities and social enterprises that are addressing entrenched social challenges and supporting some of the most vulnerable members of society.



Putting dormant assets to use

Alongside BSC's successes, £181m has been allocated to two other independent organisations: Youth Futures Foundation and Fair4All Finance were established in 2019, in order to deliver the breadth and ambition that the government desired from these programmes.

The two organisations will operate on a lean basis, amplify and partner with existing efforts and be overseen by credible boards. Their independence from government will enable them to take a systemic, long-term approach to tackling social issues in tackling youth unemployment, and supporting the financial wellbeing of consumers in vulnerable circumstances respectively.



Building an economy that works for everyone.



In 2019, dormant assets supported the establishment of **Fair4All Finance**, an independent organisation established to tackle financial exclusion using £55m of dormant accounts funding. In response to the coronavirus pandemic, Fair4All received a further £36m to support those struggling to gain access to affordable credit.



Fair4All Finance will work to increase access to fair, affordable and appropriate financial products and services, working with both public and private companies.



The primary focus area is access to affordable credit using a combination of financial support, capability development and ecosystem development programmes.

Putting dormant assets to use

Unlocking young people's potential

Dormant assets has also supported the establishment of Youth Futures Foundation, an independent organisation set up to tackle youth unemployment with £90m of dormant accounts funding.

Youth Futures Foundation will work to reduce the barriers of the nearly 500,000 young people currently unemployed across England, with a focus on the most disadvantaged.

The majority of the funds will be deployed through grants. Youth Futures Foundation will also build the evidence base for what works with the most disadvantaged young people, and build partnerships – particularly with employers – to have the most significant impact possible.

The National Lottery Community Fund

TNLCF is the delivery partner for Scotland and Wales. To date, both countries have largely chosen to focus on youth and environmental programmes.

In late 2019, Northern Ireland announced that it will release £16m to create a Dormant Accounts Fund to support organisations in the voluntary, community and social enterprise sector. The fund will be established by TNLCF.



The impact of dormant assets

Scotland

Showcase the Street is a Social Enterprise who use dance, sport and technology to develop skills with a view to providing a gateway to employment opportunities. The organisation supports communities in areas of deprivation and rural isolation. It opened a sports and arts facility in Dundee, Scotland in 2014 which spans across three warehouse units housing dance studios, indoor sports surfaces, a roller hockey rink and a wrestling ring.

Last year, this extended to a new Virtual Reality centre which has already developed several projects supported by Young Start / The National Lottery Community Fund utilising dormant account funds. The most recent project, Computer Game Design Club, with gaming students at Abertay University delivers a series of workshops based on virtual reality gaming.

These workshops enable young people to develop skills in gaming design, creative animation and programming, with the goal of offering an opportunity to work towards accredited qualifications. This two-year project will support 300 young people aged between 10 and 18, whilst also providing volunteering opportunities for a further 30 young people.

www.showcasethestreet.co.uk



Link East Fife Adolescent Befriending was awarded £87,000 to continue their befriending project in East Fife and Levenmouth and to expand the service into Glenrothes. The project helps young people aged 12 to 18 who have become socially isolated and emotionally withdrawn due to mental health issues by matching them with a befriender. Over three years this activity will benefit 70 young people with 62 volunteer befrienders.

SHOWCASE THE STREET



The impact of dormant assets

England

Big White Wall (BWW) is a UK-wide, digital subscription service for people aged 16+ with a variety of mental health and wellbeing issues - from anxiety, depression, stress and trauma, to relationship problems and lifestyle challenges. It's available online, 24/7, and is completely anonymous so people in need can express themselves freely and openly. Professionally trained 'Wall Guides' monitor the community to ensure the safety and anonymity of all members.

In addition to BWW's online community, people have access to a wealth of useful information and can work through tailored self-help programmes covering topics such as anxiety, sleep, weight management, depression and many more. The investment is repaid through subscribing organisations, including NHS providers, government departments, the armed forces and universities, as well as individuals.

BWW received a £2million investment from Big Society Capital, and almost all (95%) users report improvements in their wellbeing.

www.bigwhitewall.co.uk



BIG WHITE WALL®

1,209 social enterprises and charities have received money from Big Society Capital and those who invest alongside them.

The impact of dormant assets

England

Giroscope is an award-winning housing charity based in Hull. The collapse of Hull's fishing industry left many parts of the city with low levels of owner-occupation and a surplus of poorly maintained private rented housing. Like many cities, Hull is facing challenges regarding the availability of good quality housing, with many people on lower incomes being priced out of the housing market.

The charity renovates empty and derelict properties to provide homes for those in housing need. The charity has two simple objectives: to assist in the provision of affordable housing accommodation for people in need, poverty or distress and provide employment.

Giroscope has provided homes for over 250 people and has expanded its training and community services, working with over 100 volunteers. Giroscope has also been able to renovate its office headquarters, which now serves as a walk-in community hub for local social enterprises and individuals to access. It also networks with other housing projects, policy makers and other relevant organisations from all around the UK and Europe.

The charity also works with the local authority to help find solutions to the problem of empty homes. As public sector spending gets ever tighter the Giroscope model becomes more attractive as regards delivering sustainable regeneration, housing and employment.

www.giroscope.org.uk



GIROSCOPE

73% of the organisations who have received funding via Big Society Capital are located in the 50% most deprived areas of the UK.

The impact of dormant assets

England

The **ToolShed** is a social enterprise helping young people from a variety of backgrounds, and with few, or no, qualifications, start their career in construction. Set up five years ago, it has helped over 80 young people start a career in the industry.

With a huge emphasis on attitude training, the scheme helps young people explore who they are, guides them through their learning and supports them in gaining an income. The goal of the programme is that each person leaves ToolShed confident in their own strengths and motivated to earn their own living.

The ToolShed is a partner in the Building Futures Programme which is part of the Building Better Opportunities programme funded by the Big Lottery Fund and the European Social Fund.

www.toolshedbucks.co.uk/



83% of the organisations who have received funding from Big Society Capital are operating nationally or outside London.

The impact of dormant assets

Wales

Renew Wales is supported through the Sustainable Steps Programme delivered through the National Lottery Community Fund and funded by money from dormant bank accounts. It supports communities to take action on the impacts of climate change and live more sustainably. This could mean having a lower carbon footprint, protecting and enhancing nature, sustainable renewable energy or having locally grown healthy food for example.

Renew Wales recently funded a youth project in Pontypridd. Rhydyfelin Youth Club, developing an idea of a digital bench for the local community to address the issue of charging devices whilst out and about. This sparked ideas as to how the bench could also help tackle the significant social issue of a seat/shelter for homeless people in their area. The completed wooden bench has a solar panelled roof that stores power and lets the public charge devices through USB ports. There is a wooden trellis on either end of the bench which will be used to grow fruit bearing vines such as strawberries or tomatoes, while the wooden planters will be used to grow root vegetables. The guttering acts as an irrigation system, diverting water away from the bench and to the planters.

It truly is exciting to see what original ideas a group of resourceful young people come up with when they are encouraged and empowered to take an idea, work it through, and then put it into practice; at the same time as helping their community and being more sustainable.

www.renewwales.org.uk



The Engage to Change project is delivered by Learning Disabilities Wales and their partners, Elite, Cardiff University, Agoriad and All Wales People's First breaking down barriers, enabling young people with learning disabilities and autism into employment.

Dormant Asset Scheme developments

The case for scheme expansion

In 2017, the independent Commission on Dormant Assets recommended that a wider range of assets be included in the scheme. Following the Government's response in 2018 to the Commission's report, four senior industry champions were asked to lead the development of recommendations for an expanded scheme.

Their 2019 report set out an industry blueprint for expansion which concluded that primary legislation would be needed to expand the scheme.

The founding principle of the Dormant Assets Scheme is consumer protection: customers should always be able to reclaim the amount that would be due to them had a transfer into the scheme not occurred.

Consumer protection is at the heart of the scheme and the reason it has been successful to date is that firms and their customers alike have confidence in it.

Following the success of the current scheme for Banks & Building Societies, this will remain the case for the proposed expanded scheme as participation is suggested to extend to financial assets in three additional sectors:



**Insurance
& Pensions**



**Investment &
Wealth Management**



Securities

Industry support for scheme expansion

Banking & Building Societies

Industry Champion:



Tom Riley
Director of Savings
Nationwide Building Society

Trade Associations:
Building Societies Association | UK Finance



Insurance & Pensions

Industry Champion:



Kirsty Cooper
Group General Counsel and Company Secretary
Aviva

Trade Association:
Association of British Insurers (ABI)



Investment & Wealth Management

Industry Champion:



Andrew Carter
Chief Executive Officer
Royal London Asset Management

Trade Associations:
The Investment Association | Depository and Trustee Association (DATA) | Personal Investment Management & Financial Advice Association (PIMFA) | UK Platform Group | TA Forum



Securities

Industry Champion:

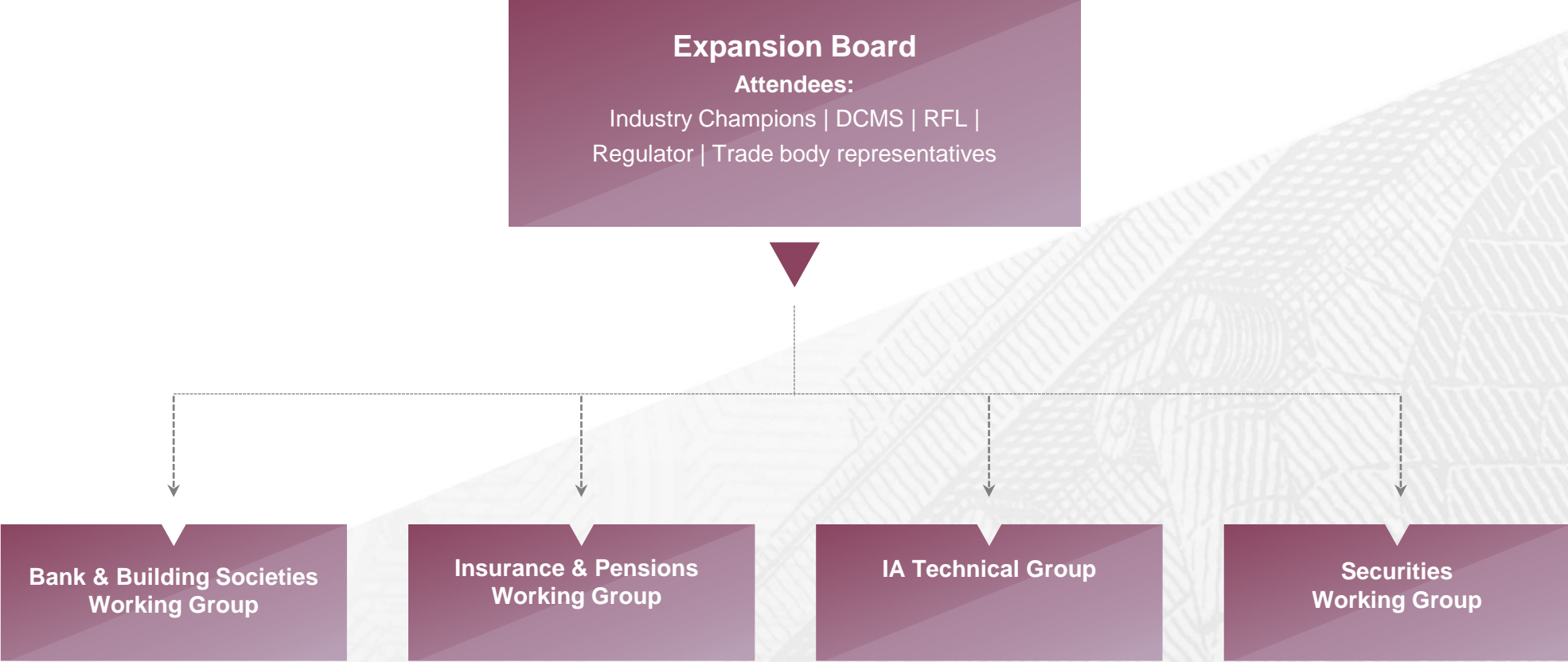


Robert Welch
Group Company Secretary
Tesco Plc

Registrars:
Computershare | Equiniti | Link Group



Industry support for scheme expansion



Consulting on scheme expansion

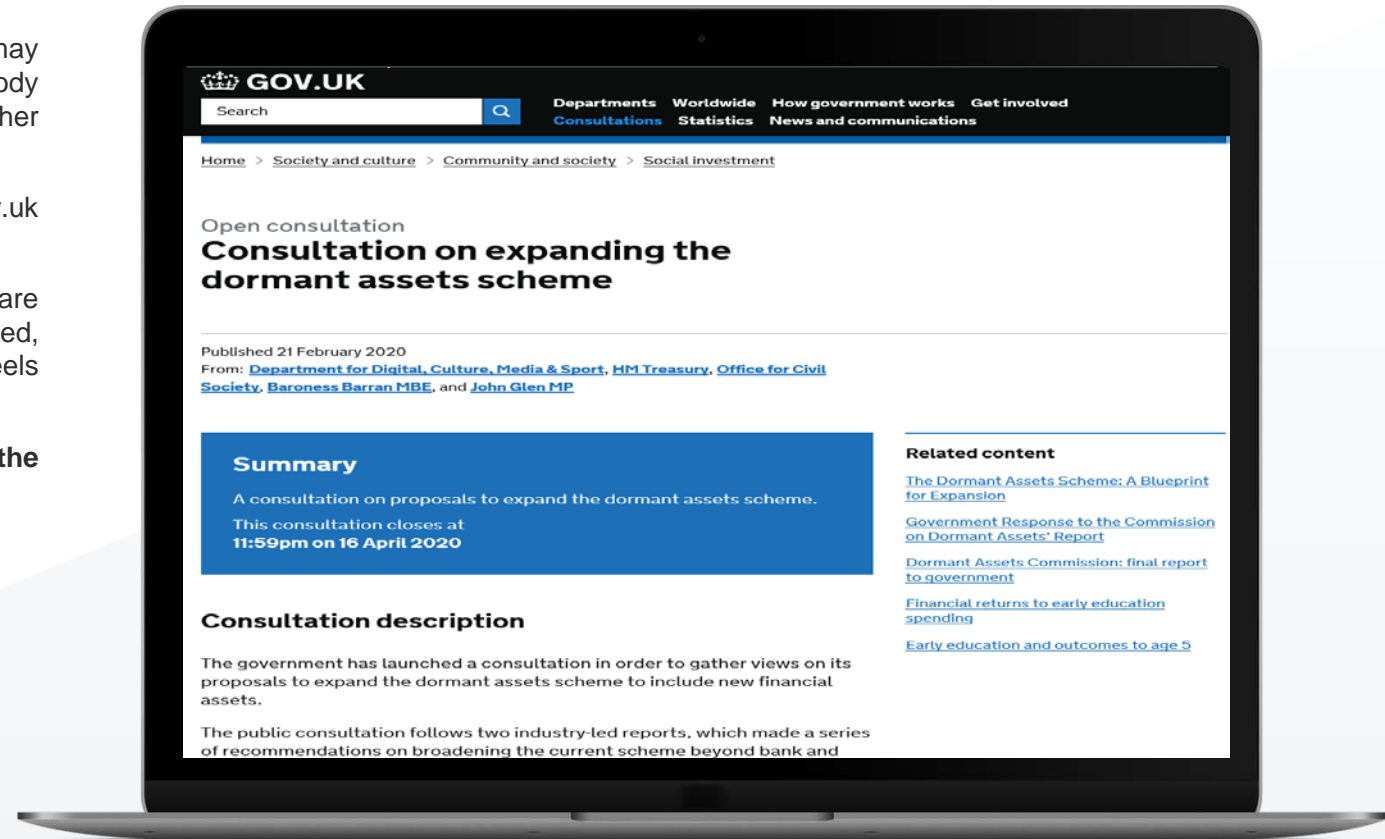
The government has considered the recommendations set out in the [industry champions report](#) and launched a public consultation in February 2020 in order to gather a wider set of views on the proposed approach to expanding the scheme.

All responses are welcomed, and you may wish to speak with your industry trade body and/or consider a joint response with other similarly minded parties.

The consultation is live on the Gov.uk [website](#),

It is important that the views of industry are received in order to ensure that it is designed, developed and delivered so that industry feels willing and able to participate.

The deadline for response to the consultation is 16th July 2020 23.59



Glossary of terms

| | |
|------------------------------|---|
| The Act | The Dormant Bank and Building Society Accounts Act 2008. |
| Asset and product | Each firm in an industry may contain a range of potentially dormant assets (e.g. a share, bond, cash deposit, insurance policy, etc.). Each class of asset may then ultimately incorporate a number of separate products (e.g. live insurance, motor insurance, etc.). |
| Beneficial Owner | The 'beneficial owner', 'consumer', 'customer' and 'client' should be taken to include investors and security holders, and are all used to refer to the rightful owner of the given (dormant) asset (i.e. the original owner or that person's beneficiaries). |
| Company and firm | The terms 'company' and 'firm' are used interchangeably, and refer to organisations that manage assets, such as banks, insurers, pension providers or issuers of shares. They do not ordinarily refer to third-party organisations such as registrars or tracing agencies unless specified. |
| The Commission | The independent Commission on Dormant Assets, which was formed in 2016 and reported to the government in 2017. |
| Consumer, customer and owner | The terms 'consumer', 'customer' and 'owner' are used as catch-all terms to refer to the rightful owner of a given asset. For shares, the asset owner would be the shareholder (i.e. the legal owner of the share on the company's register of members) rather than the beneficial owner. |
| Dormancy period | 15 years of no customer-initiated contact currently for bank and building societies, precise definition of dormancy to be used for different asset classes in an expanded scheme are to be agreed (which may differ from asset to asset). |
| Dormant assets | <p>An identifiable and attributable item, valued as a monetary amount or able to be valued as such, which is held by a party other than the beneficial owner of that asset. UK-domiciled financial assets, irrespective of the nationality of the beneficial owner. A dormant asset could be:</p> <ul style="list-style-type: none"> • An unclaimed asset (an asset which has matured and could be returned by a firm but is yet to be redeemed by the beneficial owner); • A gone-away (a term used by some firms in relation to assets if communications are unable to be delivered and returned to the firms); • An uncashed payment; • Assets which have generated gone-aways, uncashed payments or other forms of dormant asset; or • Lost, of where the beneficial owner cannot be identified. |

| | |
|----------------------|---|
| Participants | Current Main/Alternative scheme members. The term 'participant' is used to refer to firms, companies and other organisations managing assets that might participate in a dormant assets scheme. It does not ordinarily refer to third-party organisations such as registrars or tracing agencies unless specified. |
| The Scheme | The UK dormant assets scheme, as established by the Dormant Bank and Building Society Accounts Act 2008 which includes the Main Scheme which facilitates banks and building societies with group balance sheet values above £7bn and the Alternative Scheme which facilitates banks and building societies with group balance sheet values below £7bn. |
| Expanded Scheme | Proposed expansion of current legislation to include new asset classes from Insurance & Pensions, Investment & Wealth Management and Securities. |
| Scheme Recipients | Spend-side organisations who receive dormant asset funds for the distribution/utilisation of good causes across the UK namely TNLCF, BSC, Youth Futures Foundation, Fair4All Finance, Access and Territorial office & Devolved administrations. |
| Scheme Beneficiaries | Ultimate organisation(s)/person(s) who via Scheme recipients benefit from dormant asset funds. |
| Sector and industry | <p>A sector refers to a large segment of the economy. In the dormant asset field, the UK economy has been divided into financial service and non-financial service sectors. The expanded scheme has four specified sectors:</p> <ul style="list-style-type: none"> • Banks and Building Societies; • Insurance & Pensions; • Investment & Wealth Management; and • Securities. <p>The term 'industry' describes specific groups of firms i.e. banking industry, insurance industry etc.</p> |

| | | | |
|-------|--|--------|---|
| ABI | Association of British Insurers | HMRC | HM Revenue & Customs |
| AFB | Association of Foreign Banks | HMT | HM Treasury |
| ASIL | Angel Square Investments Ltd | The IA | The Investment Association |
| BBSWG | Banks and Building Societies Working Group | IHT | Inheritance Tax |
| BSC | Big Society Capital | ICSA | Institute of Chartered Secretaries and Administrators |
| BSA | Building Societies Association | IPWG | Insurance & Pensions Working Group |
| CEO | Chief Executive Officer | ISA | Individual Savings Account |
| DATA | Depositary and Trustee Association | IWMWG | Investment & Wealth Management Working Group |
| DCMS | Department for Digital, Culture, Media and Sport | TNLCF | The National Lottery Community Fund (previously Big Lottery Fund) |
| DWP | Department for Work and Pensions | PIMFA | Personal Investment Management & Financial Advice Association |
| FCA | Financial Conduct Authority | RFL | Reclaim Fund Ltd |
| FOS | Financial Ombudsman Service | SWG | Securities Working Group |
| FRC | Financial Reporting Council | TVR | Tracing, verification and reunification |
| FSCS | Financial Services Compensation Scheme | UAR | Unclaimed Assets Register |
| GDPR | General Data Protection Regulation | UKF | UK Finance |

www.dormantassets.com

This Guide was developed in collaboration with key stakeholders, namely Reclaim Fund Ltd (RFL), government and industry champions. The document is managed and distributed by RFL, for any queries please contact anne-marie.robinson@reclaimfund.co.uk.

