[Plan to help families access Child Trust Funds]

- vital safeguards to be maintained to keep vulnerable individuals safe
- consultation to gather evidence before decisions are made

Families seeking access to small funds belonging to loved ones who lack mental capacity will benefit from a simpler and quicker system, under plans set out by ministers today (16 November 2021).

A new streamlined process would allow withdrawals and payments from cash-based accounts, such as a Child Trust Fund (CTF) or a Junior ISA, up to £2,500 – without the need to get permission from the Court of Protection (CoP).

Currently, if a person lacks mental capacity and as a result cannot manage their finances, a family member or guardian must apply to the Court to manage these funds. This is to protect vulnerable people from fraud or abuse.

However, concerns have been raised that this can be a disproportionately costly and lengthy process to access relatively small amounts of money. The government has therefore today launched a consultation on a new system to ease the administrative burden on families.

The proposed scheme would be run by the financial services sector, for example by banks or building societies and crucially, maintain important safeguards. This could include requiring medical evidence to certify the account holder lacks mental capacity to manage their own financial affairs, verification that funds will be used in the best interests of the account holder and paying money directly to the provider of goods and services as opposed to the applicant.

Deputy Prime Minister, Lord Chancellor and Secretary of State for Justice, Dominic Raab said:

> I'm determined to reduce the obstacles families and guardians face when they are supporting vulnerable people who lack mental capacity.
>
> These plans will make it easier and less stressful to access small funds while maintaining vital safeguards to prevent abuse and fraud.
>
> It is essential that any change is considered carefully and based on evidence. I urge those with an interest to respond to this important consultation.

Under the proposals:

- Payments or withdrawals would be up to a total value of £2,500 over a 6 month period, with the possibility of a single extension if the full value of the account had not been withdrawn.
- An applicant would have to prove their suitability to access the fund on behalf of the individual, rather than it being limited to only family members. For example a guardian.
- Once the maximum £2,500 has been withdrawn from an account no further withdrawals can be made.
- The scheme would be run by financial services firms, such as banks or building societies.
- In cases where longer term management of accounts is needed, families and guardians will be encouraged to consider a deputyship and to apply to the Court of Protection if necessary.

Dan Scorer, Head of Policy and Public Affairs at the learning disability charity Mencap, said:

> Over the last year families of young people with a learning disability have highlighted the significant barriers and cost faced in accessing Child Trust Fund money for their loved ones. It is welcome action is being taken to consult on proposals for a more proportionate process where small amounts of money are involved.
>
> The complexity of the legal system is a recognised barrier and the aim of a simpler and quicker process, which still has appropriate safeguards, is welcome. We will look carefully at the proposals in the consultation, but changes made must both make it easier for family members to access funds for their loved ones whilst including appropriate safeguards.

The government will consider the response to the consultation and determine whether legislative change is required.

It follows an announcement last year that families who must apply to the Court of Protection to access a CTF could be eligible for a fee remission, and that a working group would consider further improvements to the process. That group consulted stakeholders from a range of sectors, including finance, legal, charity and social care and has informed these proposals.

Notes to editors

- A CTF is a long-term, tax-free savings account for young people. The government launched the CTF scheme in 2005 to provide each eligible child born between 1 September 2002 and 2 January 2011 with a financial asset upon reaching adulthood. Parents and guardians received a voucher from the government to deposit in a CTF account, and anyone can pay into the accounts. The money belongs to the young person and they can only take it out when they turn 18.
- Stakeholder engagement has revealed that issues regarding accessing small sums go wider than CTFs, affecting a range of accounts and

  vulnerable adults.
- The proposals test a range of security measures including:
  - Requiring medical evidence to certify that the account holder lacks mental capacity to manage their own financial affairs.
  - Declaration of spending to confirm that funds will be used in the best interests of the account holder;
  - Money being paid directly to the provider of goods and services as opposed to the applicant directly.
  - Mechanisms for oversight of access and spending, including checks on whether any other person may already be authorised to receive the funds by virtue of acting under a Power of Attorney or by order of the CoP.

The consultation will run for 8 weeks.