

# Plans for major expansion of dormant assets scheme to benefit good causes

- New plans to expand dormant assets scheme could free up hundreds of millions of pounds
- The money will be redistributed to benefit communities across the UK
- To date over £600 million from dormant bank and building society accounts has gone to good causes

The Government has today signalled its intention to expand the scheme from dormant bank and building society accounts to also cover insurance, investment and wealth management, and securities products.

Since its launch in 2011, 30 firms – including all major high street banks – have voluntarily transferred dormant funds into the scheme. So far over £600 million has been redistributed to good causes helping young people on the path to employment, encouraging investment in products that benefit social causes and tackling financial exclusion.

Consumer protection will remain at the heart of any expanded scheme, with the priority continuing to be reuniting customers with their money. Only where this is not possible, following rigorous, unsuccessful efforts to locate the asset owner, will funds be released to support good causes.

If at a later date a consumer discovers that they had a dormant account and their funds have been transferred into the scheme, they will also always be able to reclaim the full amount transferred.

Minister for Civil Society, Baroness Barran said:

The dormant assets scheme is making a real difference to people across the nation. This includes helping to tackle youth unemployment, addressing financial exclusion and growing the social investment market.

That's why we are now seeking views on expanding the scheme to include even more unclaimed assets, in a way that continues to protect customers whilst potentially unlocking millions more pounds for good causes.

Over £400 million has been used to establish Big Society Capital, an

independent financial institution, launched in 2012, with the aim of growing the social investment market in the UK.

To date, [Big Society Capital](#) investment has supported more than 2,000 vulnerable people to move into appropriate housing, 26,000 disadvantaged young people to benefit from job and training opportunities and 250,000 people to live in a home with access to community energy. For example, in 2018 £30 million was invested in the Bridges Evergreen Vehicle to create The Ethical Housing Company, which buys and rents out affordable properties for people with housing needs in Teesside.

In March 2019, [Fair4All Finance](#) was established with an allocation of £55 million from the dormant assets scheme to support the financial wellbeing of vulnerable people. It works to increase access to fair, affordable and appropriate financial products and services, working with partners across the private and social sectors. Their programme aims to improve the access and availability of affordable credit helping smaller lenders to scale up.

At the same time, the [Youth Futures Foundation](#) was allocated £90 million to help unemployed, disadvantaged young people across the country into jobs. They will do this by providing funding and advice to youth employment organisations and will work with employers and businesses to create jobs with tailored support.

The Economic Secretary to the Treasury, John Glen, said:

Through this scheme we have channelled hundreds of millions of pounds into causes to help those most in need.

Today's announcement builds on vital work by industry to broaden the scheme. By expanding it beyond bank accounts to include assets like insurance products, we will be able to unlock even more funds for worthy causes up and down the country.

The [public consultation](#) follows an [industry-led](#) report by four business leaders which made a series of recommendations on how to broaden the current scheme beyond bank and building society accounts.

Given the significant changes to the pensions landscape in recent years and the Government's commitment to pensions dashboards, it is minded to exclude pensions from an expanded dormant assets scheme at this stage. However, it encourages views on this as part of the consultation process.

#### **Notes to editors**

The government is consulting on expanding the scheme to the following sectors:

Assets proposed to be within the scope of the expansion include:

- Dormant insurance policy proceeds
- Dormant share proceeds
- Dormant unit proceeds
- Dormant distributions and proceeds from investment assets
- Other dormant security distributions

Customers will always be able to reclaim the same amount they would have had if their assets were never transferred, as they do in the current scheme, and companies would continue to participate on a voluntary basis.

There are over 30 participating firms including HSBC Bank plc, Lloyds Banking Group, Nationwide Building Society, Royal Bank of Scotland, The Co-operative Bank plc. A full list can be found [here](#).

The definition of a dormant bank or building society account is in the Dormant Bank and Building Society Accounts Act 2008: an account is 'dormant' at a particular time if the account has been open throughout the period of 15 years ending at that time, but during that period no transactions have been carried out in relation to the account by or on the instructions of the holder of the account.

The firm also agrees with Reclaim Fund Ltd, which administers the scheme, to undertake tracing exercises before transferring dormant accounts.

The full report The Dormant Assets Scheme: A Blueprint for Expansion can be found [here](#). It builds on a report from the Commission on Dormant Assets, which was published in March 2017.

Under the scheme, funds are held by Reclaim Fund Ltd (RFL). RFL is authorised and regulated by the Financial Conduct Authority, and holds sufficient money to cover any reclaims while distributing the surplus to The National Lottery Community Fund for social or environmental initiatives across the UK.