



# THE INVESTMENT ASSOCIATION

## The Dormant Assets Scheme

### What

The Dormant Assets Scheme is an industry-led voluntary initiative established in 2011 which is backed by the UK Government and regulators. To date, £1.4bn of dormant assets – money in financial accounts where the firm is no longer in contact with the customer – has been transferred into the scheme from banks and building societies. Operated by Reclaim Fund Limited (RFL), the Scheme has released £800m to good causes across the United Kingdom, and in future will be able to do more now that it is being expanded into other financial services sectors such as ours.

Importantly, assets are only able to be transferred into the Scheme once firms have completed their first priority of tracing and reuniting owners with their assets. Even then, asset owners are able - at any time - to reclaim the amount that would have been due to them had the transfer to the Scheme not taken place. This includes any valuation growth for assets in investment funds after the transfer date.

### Why

The Scheme deploys money that would otherwise remain dormant and puts it to good use across the UK. Firms are able to demonstrate their social conscience and practically support a wide range of charitable and other organisations in their work. Recipient organisations report annually on how the money has been deployed; this information can be utilised by firms in their own shareholder reports. As the assets can be reclaimed in full at any time participation comes at no risk to either the asset owner or the firm. Existing options for paying dormant assets away to charity or to the originating fund are fairly limited, and in the case of direct transfer to charity contain no ability to reclaim the money at a later date, or to release the obligation to the asset owner.

### In Numbers\*

**11**

Years in operation

**£800m**

Released to good causes so far

**37**

Banks and building societies currently participating voluntarily

**2,500**

Initiatives that have benefited, across the UK

**130,000**

Accounts reclaimed by customers

**£1.4bn**

Dormant assets in the investment sector (estimate), of which...

**£588m**

Amount that could be transferred to the Scheme (estimate)



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## When

The Dormant Assets Act 2022 has expanded the Scheme to the Investment & Wealth Management and the Securities and Insurance sectors.

Following two more planned enabling interventions, the first transfer of money into the Scheme is expected by the end of the calendar year or soon after:

- the FCA will consult on changes to their handbook rules, particularly around client money; and
- DCMS will consult industry on where the released money should be allocated for spending.

## How

For our sector, firms will be able to transfer cash or the cash equivalent of units/shares in investment funds. It is likely that cash will form the majority proportion of the initial transfers into the Scheme given its relative simplicity.

Participant firms will need to agree to the terms of the Scheme, which detail the operational and legal arrangements, and are currently being agreed at a sector level with RFL. Firms interested in participating should contact the IA in the first instance.

## More Information:

- [reclaimfund.co.uk](https://reclaimfund.co.uk)
- [theia.org/initiatives/dormant-assets](https://theia.org/initiatives/dormant-assets)

\*Source: The Dormant Assets Information Guide March 2022

April 2022

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