



Dormant Assets Act 2022

2022 CHAPTER 5

An Act to make provision for and in connection with an expanded dormant assets scheme; to confer power to further expand the scope of that scheme; to amend the Dormant Bank and Building Society Accounts Act 2008; to enable an authorised reclaim fund to accept transfers of certain unwanted assets; and for connected purposes. [24th February 2022]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART 1

THE DORMANT ASSETS SCHEME

Introduction

1 The dormant assets scheme: overview

- (1) The applicable provisions of this Act and the Dormant Bank and Building Society Accounts Act 2008 (in this Act referred to as “the 2008 Act”) establish the dormant assets scheme for dealing with certain dormant assets.
- (2) The applicable provisions are—
 - (a) this Part and sections 22 to 25 below (so far as relating to this Part), and
 - (b) in the 2008 Act, section 1 and sections 4 and 6 to 10 (so far as relating to section 1).
- (3) The common features of the scheme as it applies to assets of a particular description are that—

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- (a) an institution transfers to an authorised reclaim fund, with its consent, an amount owing to a person which is dormant,
- (b) the transfer extinguishes the right the person has in relation to the amount owing, and
- (c) that right is replaced by a right against the reclaim fund to payment of the amount specified in the applicable provision.

For the specific provisions applicable to the various assets within the scope of the scheme see section 1 of the 2008 Act and sections 2, 5, 8, 12 and 14 below.

- (4) In subsection (3)(a) “amount owing” includes an amount available to be paid as benefits under a personal pension scheme (see section 6(1)(c) and (3)).
- (5) The purpose of the dormant assets scheme is to enable an authorised reclaim fund, from time to time, to release funds derived from transfers to it for distribution in accordance with Part 2 of the 2008 Act (distribution of dormant assets money for meeting expenditure with a social or environmental purpose), while ensuring that the reclaim fund is able to meet its obligations as they arise.
- (6) The assets within the scope of the scheme are—
 - (a) bank and building society assets, namely rights against banks and building societies to payment of account balances (see the provisions of the 2008 Act specified in subsection (2)(b) above);
 - (b) long-term insurance assets, namely rights against insurance institutions to payment of any eligible insurance proceeds (see sections 2 to 4);
 - (c) pension assets, namely rights against pension institutions to payment of (or to elect how to receive) any eligible pension benefits (see sections 5 to 7);
 - (d) investment assets, namely rights against investment institutions to payment of any eligible amounts owing by virtue of collective scheme investments (see sections 8 to 11);
 - (e) client money assets, namely rights against investment institutions to payment of any eligible client money (see sections 12 and 13);
 - (f) securities assets, namely rights to payment of any eligible proceeds or distribution relating to shares in traded public companies (see sections 14 to 16).
- (7) The dormant assets scheme supersedes the general scheme for dormant bank and building society accounts under Part 1 of the 2008 Act, but this does not affect—
 - (a) the continued operation of that general scheme in relation to amounts transferred as mentioned in section 1 of the 2008 Act before the coming into force of this section, or
 - (b) the continued operation of the provisions constituting that general scheme as part of the dormant assets scheme.
- (8) The dormant assets scheme does not apply in relation to—
 - (a) transfers to an authorised reclaim fund of the agreed proportion of the balance of a dormant bank or building society account under the alternative scheme for smaller institutions (see section 2 of the 2008 Act and the other provisions of Part 1 of that Act so far as relating to section 2);
 - (b) transfers to an authorised reclaim fund of unwanted assets (see section 21 below).

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- (9) It is immaterial for the purposes of any provision of this Act or Part 1 of the 2008 Act whether activities of an institution referred to in the provision are carried out directly by the institution or by another person acting on its behalf.
- (10) In this Part—
- (a) any reference to an amount owing (or payable) to a person includes a reference to an amount which is not immediately payable to the person only because it is necessary for a request for payment to be made or for the person’s entitlement to payment to be verified, and
 - (b) any reference to the right to payment of an amount owing (or payable) includes, in the case of an amount described in paragraph (a), the right to request payment of the amount.

Long-term insurance assets

2 Transfer of eligible insurance proceeds to reclaim fund

- (1) This section applies where—
- (a) an insurance institution transfers to an authorised reclaim fund dormant eligible insurance proceeds owing to a person, and
 - (b) the reclaim fund consents to the transfer.
- (2) On the transfer of the eligible insurance proceeds—
- (a) a person to whom the proceeds are payable immediately before the transfer ceases to have any right against any insurance institution to payment of the proceeds, but
 - (b) that person acquires against the reclaim fund whatever right to payment of the proceeds the person would have had against the institution if the transfer had not happened.
- (3) In this Act “insurance institution”, in relation to any eligible insurance proceeds, means (subject to subsection (4)) a person who—
- (a) under Part 4A of FSMA 2000 has permission to perform a regulated activity for the purposes of FSMA 2000 by virtue of article 10(2) of the RAO 2001 (carrying out a contract of insurance as principal),
 - (b) owes the proceeds in the course of, or in connection with, that regulated activity, and
 - (c) has its head office or an establishment in the United Kingdom.
- (4) “Insurance institution” does not include—
- (a) a mutual insurer, or
 - (b) a person who is specified, or is within a class of persons specified, by an order under section 38 of FSMA 2000 (exemption orders).

3 “Eligible insurance proceeds”

- (1) In this Act “eligible insurance proceeds” are (subject to subsections (2) and (3)) the cash proceeds of a contract of long-term insurance, after the appropriate adjustments have been made for such things as interest due and fees and charges payable.
- (2) A contract is excluded from subsection (1) if it is—

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- (a) a with-profits policy,
 - (b) an industrial assurance policy, or
 - (c) a policy that is the subject of a trust.
- (3) Proceeds of a contract of long-term insurance held in a Lifetime ISA are excluded from subsection (1) if their transfer to an authorised reclaim fund would result in liability to pay a withdrawal charge to HMRC.
- (4) In relation to a time after a transfer has been made as mentioned in section 2(1)(a), the adjustments referred to in subsection (1) above include those that would fall to be made but for the transfer.
- (5) In this section—
- “contract of long-term insurance” has the meaning given by article 3(1) of the RAO 2001;
 - “industrial assurance policy” has the same meaning as it has in the FCA Handbook as in force when this Act is passed;
 - “with-profits policy” means a contract of insurance which provides benefits through eligibility to participate in discretionary distributions based on profits arising from the insurer’s business or a particular part of its business.

4 Meaning of “dormant” in relation to eligible insurance proceeds

- (1) For the purposes of this Act eligible insurance proceeds are “dormant” at a particular time if any of the following four conditions are met at that time.
- (2) The first condition is that the responsible institution—
- (a) has been notified that the person in respect of whom the proceeds are payable has died, and
 - (b) is satisfied that there is no person to whom the proceeds are payable.
- (3) The second condition is that—
- (a) there has been a period of at least 7 years since the responsible institution was notified that the person in respect of whom the proceeds are payable has died, and
 - (b) the responsible institution has not received any communication since that time from—
 - (i) anyone administering the estate of that person, or
 - (ii) the person to whom the proceeds are payable (or a person acting on behalf of that person).
- (4) The third condition is that—
- (a) the responsible institution is satisfied that the person in respect of whom the proceeds are payable would be at least 120 years old, and
 - (b) the responsible institution has not received any communication from—
 - (i) anyone administering the estate of that person, or
 - (ii) the person to whom the proceeds are payable (or a person acting on behalf of that person),
 during the preceding 7 years.
- (5) The fourth condition is that—

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- (a) the proceeds have become payable by virtue of the insurance contract term ending,
 - (b) a period of at least 7 years has elapsed since the end of the term, and
 - (c) the responsible institution has not received any communication from the person to whom the proceeds are payable (or a person acting on behalf of that person) since that time.
- (6) In this section, “responsible institution” means the insurance institution that is responsible, in relation to the proceeds concerned, for doing any of the following—
- (a) receiving notification of the kind mentioned in subsection (2)(a) or (3)(a),
 - (b) making an assessment of the kind mentioned in subsection (2)(b) or (4)(a), and
 - (c) receiving communications as mentioned in subsection (3)(b), (4)(b) or (5)(c).

Pension assets

5 Transfer of eligible pension benefits to reclaim fund

- (1) This section applies where—
- (a) a pension institution transfers to an authorised reclaim fund dormant eligible pension benefits owing to a person, and
 - (b) the reclaim fund consents to the transfer.
- (2) On the transfer of eligible pension benefits consisting of benefits mentioned in section 6(1)(a) or (b)—
- (a) a person to whom the benefits are payable immediately before the transfer ceases to have any right against any pension institution to payment of the benefits, but
 - (b) that person acquires against the reclaim fund whatever right to payment of the benefits the person would have had against the institution if the transfer had not happened.
- (3) On the transfer of eligible pension benefits consisting of an amount mentioned in section 6(1)(c)—
- (a) a person entitled immediately before the transfer to elect to receive the amount in question ceases to have any right against any pension institution to elect to be paid that amount (or to elect to receive the benefit in any other way), but
 - (b) that person acquires against the reclaim fund whatever right to payment of the benefits the person would have had against the institution if the transfer had not happened and the person had elected to be paid the amount concerned.
- (4) In this Act “pension institution”, in relation to any eligible pension benefits, means (subject to subsection (5)) a person who—
- (a) under Part 4A of FSMA 2000 has permission to perform a regulated activity for the purposes of that Act by virtue of article 52(b) of the RAO 2001, where the regulated activity covered by the permission consists of or includes operating or winding up a personal pension scheme,
 - (b) owes the benefits in the course of, or in connection with, operating or winding up a personal pension scheme, and
 - (c) has its head office or an establishment in the United Kingdom.
- (5) “Pension institution” does not include—