

A top-down photograph showing several hands of different skin tones reaching towards the center, where they are holding a small green basil plant in a mound of dark soil. The hands are arranged in a circle, symbolizing unity and growth. The background is a soft-focus grey.

# Preparing for participation in the Dormant Assets Scheme

A guide for the insurance and pensions sector

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*The Association of British Insurers is the voice of the UK's world-leading insurance and long-term savings industry. A productive and inclusive sector, our industry supports towns and cities across Britain in building back a balanced and innovative economy, employing over 350,000 individuals in high-skilled, lifelong careers, two-thirds of whom are outside of London.*

*Our members manage investments of £1.6 trillion, pay over £17.2 billion in taxes to the Government and support communities and businesses across the UK by enabling trade, risk-taking, investment and innovation. We are also a global success story, the largest in Europe and the fourth largest in the world.*

*The ABI represents over 200 member companies, including most household names and specialist providers, giving peace of mind to customers across the UK.*



## Objective of this Guide

The purpose of this guide is to provide information and guidance to insurance and pension providers who are considering participating in the voluntary Dormant Assets Scheme. The Scheme was expanded in June 2023 to include the sector.

## Disclaimer

This guide is designed to support firms to follow the Dormant Assets Act 2022 and other requirements to participate in the Dormant Assets Scheme. The guide is not intended to provide regulatory or legal advice nor suggest that firms should take any particular course of action to meet their contractual, regulatory and legal obligations. The principles do not represent an example of acceptable market practices or standards in the context of participating in the Dormant Assets Scheme or other regulatory requirements for treating long-standing customers fairly. The guide will need to be interpreted in the specific context of each firm and each firm will need to exercise their own judgement. The guide is published on 5 June 2023 and takes effect from that date.

# 1. Dormant Assets Scheme

## *History of the Scheme*

The Dormant Bank and Building Society Accounts 2008 Act established the Dormant Assets Scheme in the UK for the bank and building society sector. The Scheme enabled monies from dormant bank and building society accounts to be used for good causes, while preserving the rights of customers to claim their assets in full in perpetuity even after a transfer.

Under the Act any UK bank or building society account that has had no transactions in, or out, of the account for 15 consecutive years could be classified as dormant. Participation in the Scheme is voluntary and to date includes over 41 Banks and Building Societies, many of which are household names. Under the Scheme monies from dormant accounts are transferred to the Scheme's operator, the Reclaim Fund Ltd (RFL). Any surplus funds, in excess of what is required to meet expected future reclaims, can then be distributed by RFL to The National Lottery Community Fund (previously known as the Big Lottery Fund) and then onwards to good causes across the UK. RFL is categorised as a public body and is regulated by the Financial Conduct Authority. The first wave of dormant assets were transferred into the Scheme in 2011, with an expectation of securing £400m within 10 years.

To date:

- **£1.6 billion** has been transferred to RFL
- over **2,500 social, community and environmental initiatives** across the UK have benefitted from the Scheme
- **£900 million** has been released to social and environmental initiatives, including financial inclusion improvement projects. The remainder is held by RFL to reserve for any future reclaims.


Building on the success of the Scheme, government started to explore the possibility of expanding it into other sectors and in 2016 established the Commission on Dormant Assets. The Commission was independent and was tasked with making recommendations to government on how the Bank and Building Society Scheme could be expanded. The Commission's 2017 report identified target sectors for expansion, including the Insurance and Pensions industry. The Commission recommended several insurance and pensions products to be in scope, and that eligible products that remained unclaimed for 7 years could be considered dormant based on the industry's experience. Industry Champions were then appointed for each of the targeted sectors for expansion. Kirsty Cooper, General Counsel and Company Secretary for Aviva, who had represented the insurance and pensions sector on the original Commission took on the role of Insurance and Pensions champion.

The champions' 2019 blueprint report<sup>1</sup> provided granular proposals on the Scheme's expansion. This led to the government issuing a public consultation in February 2020. After considering the responses from stakeholders including the industry and charities, the government published their response which formed the basis of the Dormant Assets Bill. The Bill was introduced to Parliament in May 2021 with cross-party support which concluded with the new Dormant Assets Act receiving Royal Assent in February 2022. RFL will continue to be the only operator for the expanded Scheme and will take on the liability for repayment of assets transferred to them in the future.

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<sup>1</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/792528/Industry\\_Champions\\_Report\\_on\\_Dormant\\_Assets\\_2019\\_full\\_report\\_2\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/792528/Industry_Champions_Report_on_Dormant_Assets_2019_full_report_2_.pdf)



The government in 2023<sup>2</sup> confirmed four causes which the Dormant Assets Scheme (English portion) would provide funding for. These were Youth, Social, Financial Inclusion and Community Wealth Funds.

## **Reclaim Fund Ltd (RFL)**

RFL was established in 2011 following the enactment of the Dormant Bank and Building Society Accounts Act 2008 and the completion of the regulatory regime. RFL makes it possible for money in dormant bank and building society accounts to be used for social and environmental initiatives.

The Co-operative Group was approached by HM Treasury in late 2009 to support the government and industry efforts by establishing a reclaim fund to enable dormant account monies to be used for good causes. RFL was incorporated on 13 August 2010 and commenced operations on 28 March 2011.

In late 2019, the Office for National Statistics (ONS) conducted a review of RFL and classified it to the central government subsector. This decision made RFL a public body, applicable retrospectively from its establishment in 2010.


Due to RFL's new status as a public body, in March 2021, the shareholding previously held by Angel Square Investments Limited (formerly known as Co-operative Banking Group Limited) was transferred to Her Majesty's Treasury's (HM Treasury) aligning RFL's accountability to government as a public body with its ownership. UK Government Investments Limited (UKGI) manages HM Treasury's shareholding in RFL. RFL is legally incorporated with its own legal identity, acting at arm's length from the government and governed by a separate Board of Directors.

With over 10 years of experience operating the Dormant Assets Scheme, RFL works collaboratively with industry to ensure ease of onboarding and participation. RFL currently operates a four-step onboarding process:

1. **On Initial contact** - to support potential Participant's knowledge and understanding of RFL and the Dormant Assets Scheme, RFL will:
  - forward The Dormant Assets Act 2022 (together with explanatory notes). The governing legislation sets out the requirements for a firm wishing to join the Scheme
  - forward a generic copy of the sector-specific Transfer and Agency Agreement (TAA) which is standard to all Participants
  - forward The Scheme Handbook which provides an overview of how the Scheme works
  - include the participant on distribution lists for newsletters which demonstrate the impact of the Scheme and general updates
2. **Documentation** – A Participant Specific Information Form will need to be completed and returned to RFL when the potential Participant is ready to join the Scheme. This includes requests for information such as specimen signatures of authorised signatories, details of the relationship manager and account details for repayments. RFL will use the information to inform their associated due diligence and to populate a draft TAA which includes the variables to the standard TAA specific for the participant.

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<sup>2</sup> <https://www.gov.uk/government/news/millions-released-from-dormant-accounts-to-support-vulnerable-people-with-cost-of-living>

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3. **Transfer and Agency Agreement (TAA)** - RFL will forward the draft TAA for the potential Participant's review. Detailed signing instructions will be provided by email to facilitate the exchange of contracts. When RFL receives the signed document, they will apply RFL's authorised signature. One copy will be retained by RFL, and the other will be sent back to the participant.
  4. **Joining Completion** - Once the participant has signed the TAA they have successfully joined the Dormant Assets Scheme. RFL will then forward the required documentation to the Participant to complete their initial transfer of dormant assets into the Scheme.

For further information regarding the Scheme or to discuss participation, the Provider should email [dormantassets@reclaimfund.co.uk](mailto:dormantassets@reclaimfund.co.uk).

## *Scheme's Core Principles and Key Features*

There are 3 core principles to the Dormant Assets Scheme:

### **1. Reunification First**

This prioritises 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. If customers emerge after the assets have been transferred to the Scheme, they can always reclaim any 'dormant' assets through their original product provider. Their provider is still required to hold and protect customers' personal data throughout the process.

### **2. Voluntary Participation**

The Scheme is voluntary and participants have discretion on the type of assets they choose to transfer to it, as well as the number and value of them.

### **3. Full Restitution in Perpetuity**

Benefit owners are able, at any point, to reclaim the amount that would have been due to them had a transfer into the Scheme not occurred. RFL ensures that sufficient funds are available in reserve so this guarantee can always be fulfilled.

Providers looking to participate in the Dormant Assets Scheme from the Insurance and Pensions sector will need to consider the following key features of the Scheme, in addition to the Scheme's Core Principles:

- the Provider acts as an agent of RFL in relation to customer management and continues to be responsible for managing and administering the relationship with the customer or their legal representative following assets transferring to RFL. This includes the management of any complaints received
- the Provider will be required to sign the industry standard TAA with RFL
- the Provider is able to clear their liabilities for assets transferred to RFL. RFL take on full responsibility for the liability of repayment on request from the Provider

- transfer of new dormant assets by the Provider to RFL will take place annually on a day agreed between the Provider and RFL
- the Provider will be able to submit reclaim requests to RFL every quarter in arrears should repayments have been made to customers or their legal representative for dormant assets. The reclaim dates will be agreed between the Provider and RFL
- the Provider will need to keep full and accurate records of customers and policies where assets have been transferred to RFL. This is so that they can fulfil their duties as an agent of RFL should customers seek to reclaim transferred assets at any point in the future
- the Provider remains the data controller of any personal data for assets transferred to RFL (Data Controller and Personal Data is as defined in Data Protection Legislation). No personal data will be transferred to RFL by Providers
- costs and expenses incurred by the Provider in participating (i.e. organisational operating costs and expenses) in the Dormant Assets Scheme are the Provider's responsibility
- where required by Applicable Laws, Regulations and/or contract the Provider will be required to give consent to RFL to publish information about the Provider's participation in the Dormant Assets Scheme

### ***New Insurance and Pensions products available to the Scheme***

The new legislation brings certain insurance and pensions products into scope for the Dormant Assets Scheme, under specific conditions. The trigger point for dormancy is shown for each product type in the following table:

Products	Trigger Point
<p>Eligible insurance proceeds' definition is "<i>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</i>".</p> <p>Example of products which are in scope:</p> <ul style="list-style-type: none"> <li>• term assurance</li> <li>• whole of life assurance</li> <li>• savings endowments</li> <li>• investment bonds</li> </ul>	<p>Dormancy arises at the time any one of the following four conditions applies:</p> <ol style="list-style-type: none"> <li>1) Policyholder has died and the Provider is satisfied there is no one to whom the proceeds can be paid.</li> <li>2) Policyholder died more than 7 years ago and during that time there has been no contact from policyholder's estate or anyone else to whom the proceeds can be paid.</li> <li>3) Policyholder's death has not been notified but if they were alive, they would be at least 120 and during the last 7 years there has been no contact from anyone purporting to represent the policyholder's estate nor anyone else to whom the proceeds can be paid.</li> </ol>

	<p>4) A maturity value is due, at least 7 years have elapsed since the maturity date and no person has come forward during that time to claim the maturity value.</p>
<p>Eligible pension benefits' definition is:</p> <ul style="list-style-type: none"> <li>(a) benefits in the form of income withdrawal that have become payable under a personal pension scheme,</li> <li>(b) benefits that have become payable under a personal pension scheme— <ul style="list-style-type: none"> <li>(i) under which all benefits that may be provided are money purchase benefits, and</li> <li>(ii) which is not and has at no time been a qualifying scheme or an automatic enrolment scheme in relation to the member to or in respect of whom the benefits are payable, or</li> </ul> </li> <li>(c) an amount available to be paid as benefits under a personal pension scheme of a kind mentioned in paragraph (b), after the appropriate adjustments have been made for such things as interest due and fees and charges payable.</li> </ul> <p>Example of products which are in scope:</p> <ul style="list-style-type: none"> <li>• Defined contribution personal and group personal pensions</li> <li>• Income drawdown</li> <li>• Annuities</li> </ul>	<p>Dormancy arises at the time any one of the following four conditions applies:</p> <ul style="list-style-type: none"> <li>3. Policyholder has died and the Provider is satisfied there is no one to whom the proceeds can be paid.</li> <li>4. Policyholder died more than 7 years ago and during that time there has been no contact from policyholder's estate or anyone else to whom the proceeds can be paid.</li> <li>5. Policyholder's death has not been notified but if they were alive, they would be at least 120 and during the last 7 years there has been no contact from anyone purporting to represent the policyholder's estate or anyone else to whom the proceeds can be paid.</li> <li>6. The contractual pension term has ended and benefits are payable as a result, at least 7 years have elapsed since the end of the contractual term and no person has come forward during that time to claim the benefits payable.</li> </ul>

For clarity the following products/asset types **are out of scope** of the initial dormant assets scheme expansion as outlined in Dormant Assets Act 2022. However, some of these may come into scope in the future as part of further expansion initiatives:

- any product of a mutual insurer
- any industrial assurance/industrial branch policy
- any with-profits policy or product that has a with-profits element (e.g. defined contribution personal pension invested in whole or in part in one or more with-profits funds)
- any insurance policy which is subject to a trust
- any defined benefit occupational pension scheme
- any pension that has any auto-enrolment element

The above is a summary statement of the products covered by the Act. Any Provider considering participation in the Scheme should review [the Act](#) for full details of eligible products and institutions and the relevant dormancy trigger points. Providers should make their own assessment of which of their products fall within scope for potential transfer to RFL.



## 2. TRACING, VERIFICATION AND RECONNECTION (TVR)

The Dormant Assets Act 2022 requires participants to take steps to reunite assets with their owners.

Assets should only be classed as 'dormant' and made available to the Scheme after the Provider has satisfied itself that proportionate and necessary attempt(s) has been made to reunite the customer or their legal representative(s) with their assets. Other than measures agreed with RFL within the TAA, providers should also continue to follow any compliance requirements related to gone-away customers.

This section provides examples of what a Provider could consider as acceptable steps to reunite with the customer under the Scheme. This includes a three step tracing and verification process which should take place before a Provider considers the asset to be dormant.

### **Step 1 – At Initial Contact Point with the Customer or their Legal Representative(s)**

The Provider could make a 'fair and reasonable' judgement on its processes to make contact with the customer or their legal representative(s) at the time the asset is initially due as a result of a key trigger event (e.g. Maturity, Death Claim).

Examples of 'Fair and Reasonable' at this step might include the following:

- The Provider's process includes the issue of an initial communication to the customer or their beneficiary advising that assets are payable, or that they should contact the Provider regarding asset payment. Following no response after a required period, a reminder communication is issued once or a number of times before the asset is considered 'unclaimed'.
- Assuming the above communication is unsuccessful, the Provider has a gone-away process in place that would try to trace the customer or their legal representative(s) to a new address, verify the identity of the customer or the legal representative at the new address and reconnect before the asset is considered 'unclaimed'.

### **Step 2 – During the Claims Management Journey**


The Provider could make a 'fair and reasonable' judgement on its processes in reconnecting with the customer or their legal representative(s) during the claims management journey prior to making the asset 'unclaimed'.

Examples of 'Fair and Reasonable' at this step might include:

- The Provider uses online tools to find the current address for the customer or their legal representative(s) and attempts to verify the customer's or their legal representative's identity at the current address.
- The Provider uses the services of tracing suppliers to trace a customer to a new address if any communications issued during the claims management process are returned 'gone-away'. In addition the Provider attempts to verify the customer's identity at the new address.
- The Provider uses the services of estate tracing suppliers if they are not able to identify the legal representative(s) for the deceased customer from initial contact communications. In addition the Provider attempts to verify the legal representative(s) using information related to the deceased customer.

### **Step 3 – Prior to Asset being Declared 'Dormant'**

The Provider could make a 'fair and reasonable' judgement on its processes in reconnecting with the customer or



their legal representative at the point of declaring an asset as ‘Dormant’.

Examples of ‘Fair and Reasonable’ at this step might include:


- The Provider uses online tools 6 months before the asset will be declared dormant to find a new address for the customer or their legal representative and attempt to verify the customer’s or their legal representative’s identity at the new address before the asset becomes dormant.
- The Provider uses the services of tracing suppliers six months before the asset will be declared dormant to trace a customer to a new address, and attempts to verify the customer’s identity at the new address before the asset becomes dormant.
- The Provider uses the services of estate tracing suppliers six months before the asset is declared dormant if they are not able to identify the legal representatives for the customer from initial contact communications. In addition the Provider attempts to verify the legal representative(s) using information related to the deceased customer before the asset becomes dormant.
- The tracing and verification processes used in the claims management process without success are used again (i.e. recycled) six months prior to the asset being declared dormant because new data may be available due to the passage of time.

The Provider could consider any one or a combination of the above as an attempt to fulfil the reunification requirement set out in the Dormant Assets Act 2022 and the Transfer and Agency Agreement.

### 3. LEARNINGS FROM CURRENT PARTICIPANTS

RFL has reviewed the challenges and solutions when on-boarding Banks and Building Societies to the original Scheme and Providers who are considering joining the Scheme from the Insurance and Pensions sector may wish to consider the following 'learnings' from RFL's experience of on-boarding.

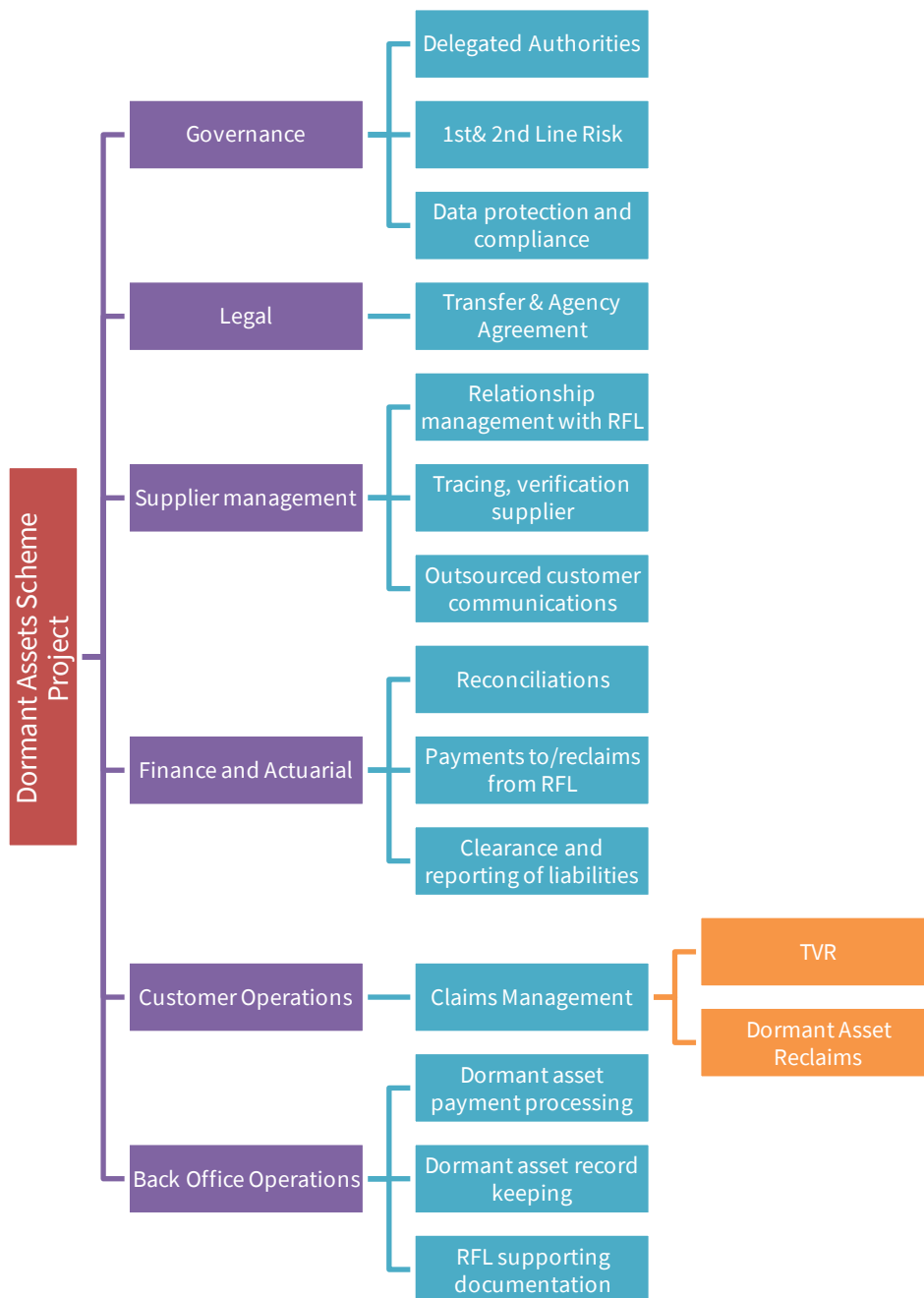
- The approval of the TAA between RFL and any potential participant is a much smoother process if the potential participant seeks early legal advice (be it internal or external) on the detail contained within the TAA. As the TAA with RFL will mainly be generic for the Insurance and Pensions sector, with limited variables related specifically to the Provider, the signing of the agreement is not expected to be a protracted activity.
- Any potential participant in the Dormant Assets Scheme should invest time in formally documenting full and clear requirements for their business taking part in the Scheme. These requirements should then drive process design and the development of any automation the Provider considers necessary. The requirements should consider both functional and non-functional needs of any processes, including all aspects of financial accounting.
- Formal process design should be undertaken by potential participants in order to identify all interactions, dependencies and authorisations required to manage and control processing with RFL. This will need to include any delegated authorities required within the participant to authorise payment to and reclaims from RFL. All processes in relation to transfer and reclaim with RFL should be documented and reviewed on a regular basis to ensure they remain efficient and effective over time.
- Thorough and rigorous testing of any automation or data stores developed to support participation in the Scheme should take place. Detailed test plans should drive testing and where possible any manual processes introduced should be tested through a 'model office' environment.
- Early senior stakeholder buy in (possibly at senior executive or Board level) to participating in the Scheme will be essential to successful development and introduction to the Scheme arrangement.
- The development and deployment of a formal Target Operating Model (TOM) will assist potential participants in the Scheme in understanding the level of resources required and reporting lines into appropriate parts of their business, as well as set up and on-going business as usual operating costs for budgeting purposes. This will need to consider the responsibilities of the participant's Relationship Manager with RFL and how these responsibilities would move ownership if the designated individual was to change role in the future. Experience recommends that a full hand-over plan is put in place and actioned before any change in the participant's RFL Relationship Manager. In addition, further care may be required if the participant was to move processing and the relationship with RFL offshore. If administration for the Scheme and processes interacting with RFL are off-shored, experience has shown a UK based point of contact for RFL works more efficiently and is therefore recommended.

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- The payment and reclaim process, as well as the relationship management with RFL, is much more efficient and effective through a dedicated individual or team whose key role is dormant assets. The process is less effective if done as a 'side of the desk' activity where responsibilities for dormant assets administration are not documented within a role profile for an individual and/or team.
  - Experience in the Banking sector has shown, over time, the benefit of following any sector specific guidance and best practices related to Tracing, Verification and Reunification (TVR). This reduces reclaims to RFL through ensuring that only truly dormant monies are transferred to the Scheme which benefits both the participant and RFL in not having to process reclaims.
  - Frequent and good quality management information on the success of reconnections with customers through TVR will assist the participant in the Scheme to provide RFL with accurate forecasts of potential transfers and reclaims of dormant assets in the future.

# 4. PREPARING FOR A DORMANT ASSET SCHEME PROJECT

## Project structure

As preparation for joining the Dormant Assets Scheme, a Provider may consider setting up a project to manage, govern and provide oversight across the areas of their business that could be impacted through their participation in the Scheme. The following graphic gives some indication of the business areas likely to be included in any project kick off activity and scope within a Provider. This graphic is not exhaustive and each Provider joining the Scheme will need to consider all areas of their business which may be impacted through participating in the Scheme.



## Operational model

Any Provider considering participating in the Dormant Assets Scheme will need to consider the operating model that will deliver the process, control and management required to interact with RFL and ensure that assets are passed to the Scheme with appropriate approvals. RFL have also produced bespoke Handbooks for each type of firm, which are available on request.

The following are three potential operating models that could be used by Providers based on the experience of existing participants. It will be at the Provider's discretion on what operating model best suits their needs in participating in the Dormant Assets Scheme. Therefore the below is given only as guidance and providers should make their own judgement on the costs and benefits of each model.

### Model 1 - Centralised for all Functions related to Dormant Assets

In this model the following responsibilities would be included in a central team in the Provider:

- interaction with the customer or their legal representative following claim request after asset has been passed to RFL as dormant. This could include:
  - Confirming that claim is valid through obtaining required evidence
  - Processing of claim to payment
  - Ensuring any dormant assets paid out are recorded to enable reclaim from RFL
- an annual process to identify new dormant assets and transfer to RFL with liability being clear in the Provider.
- quarterly reclaim requests to RFL for reimbursement for dormant assets paid out to customers or their beneficiary
- relationship management with RFL as the Provider is an agent of RFL
- financial reconciliations for dormant assets at a frequency agreed by the Provider

### Model 2 – Centralised-only for Interaction with RFL as related to Dormant Assets

In this model the responsibilities for the central team in the Provider would be restricted to the following:


- annual process to identify new dormant assets and transfer to RFL with liabilities being clear in the Provider.
- quarterly reclaim request to RFL for reimbursement for dormant assets paid out to customers or their beneficiary
- relationship management with RFL as the Provider is an agent of RFL

Customer service teams would retain responsibility for claims management (as a business-as-usual process) and payment for assets held by RFL as dormant to the customer or their legal representative(s).

Financial Accounting teams within the Provider would be responsible for any financial reconciliations required by the Provider in respect of dormant assets and cleared liabilities.

### Model 3 - De-centralised for all Functions related to Dormant Assets

In this model the following responsibilities would be included in a number of teams across the Provider or Third-Party Administrators (TPAs) used by the Provider. The split of processing may be based on products, systems or processes within the Provider or TPA:

- 
- interaction with the customer or their legal representative following a claim request after the asset has been passed to RFL as dormant. This will include:
    - Confirming that claim is valid through obtaining required evidence
    - Processing of claim to payment
    - Ensuring any dormant assets paid out are recorded to enable reclaim from RFL
  - an annual process to identify new dormant assets and transfer to RFL with liabilities being clear in the Provider.
  - quarterly reclaim requests to RFL for reimbursement for dormant assets paid out to customers or their legal representatives
  - relationship management with RFL as the Provider is an agent of RFL
  - financial reconciliations for dormant assets at a frequency agreed in Provider

## 5. Frequently asked questions and further material from the ABI

### *Participating in the Scheme*

1. Do you have to pay to take part in the Scheme?

RFL does not charge firms to participate in the Scheme, or for any aspect for its services. RFL is funded through interest income on the fund, with no cost to the taxpayer.

There may be operational costs to the firm for implementing new processes to participate in the Scheme.

### *Scheme spending causes*

2. How is the money allocated across the four nations of the UK?

The National Lottery Community Fund allocates dormant assets funding to each of the four nations in line with the Barnett formula. This is a mechanism adopted by HM Treasury to calculate and adjust the amounts of public expenditure allocated to the devolved nations to achieve equivalent pounds-per-person:

- 83.9% England
- 8.4% Scotland
- 4.9% Wales
- 2.4% Northern Ireland

3. What is the governance around the Dormant Assets Scheme spend?

The dormant assets spend organisations issue proposals for money from the National Lottery Community Fund, supported by DCMS and HM Treasury, to ensure a rigorous approach to maximising and measuring impact. The spend organisations are overseen by the Oversight Trust, to ensure that they remain appropriate, and that their strategic plans are in accordance with these objects. The Oversight Trust also scrutinises governance, social impact and the transparency of financial and impact reporting.

In March, the government announced that it would be undertaking a governance review of dormant assets spend, which will be a multi-year initiative to ensure optimal governance and transparent impact measurement of dormant assets funding in future.



4. How do we receive updates on the Scheme and how the funding is being used?

RFL issues a regular newsletter to participants and other interested parties which provides news, updates on new participants and information on spend. News and updates are also provided on RFL's website at [www.reclaimfund.co.uk](http://www.reclaimfund.co.uk).

### **Products in scope**

5. What do I need to do to ensure a pension policy has not been used for automatic enrolment (AE) purposes before to ensure it is eligible? Does a policy transferred from an AE scheme or annuity purchased using AE benefits count?

There is no specified minimum eligibility check required by the provider. This is to enable the provider and RFL to be best placed in deeming what is eligible. Providers should be aware and collect information on what policies are linked to AE and take responsibility in ensuring assets are eligible.

Annuities and transferred policies are eligible. Personal pension schemes whose owners were automatically enrolled are excluded.

6. Are bulk purchased products (e.g. FSAVC, s32 buy-out, Retirement Annuity Contracts, and assigned policies) in scope as personal pensions?

To be transferred under the pensions provisions, these products' proceeds need to derive from a personal pension scheme. There has been no clarification whether the policies listed satisfy criteria to be classed as insurance or pension assets.

7. Are occupational pension terms assurance in scope?

Occupational pension schemes sit outside of the scope of the Dormant Assets Scheme under the definition of eligible pension benefits ([S6](#)). Whether an occupational pension terms assurance plan falls within the insurance provisions depends on whether any proceeds or benefits meet eligibility definitions within [S3](#) or [S6](#) of the DA22.

### **Reclaim process**

8. If my firm has completed a large reclaim, will we be able to get the money back from RFL on an earlier date?

No, the RFL maintain a quarterly reclaim process regardless of the reclaim size.

## 9. What happens if RFL cannot cover future reclaims?

Under the Dormant Bank and Building Society Accounts Act 2008, RFL is required to manage dormant account funds in such a way as to enable them to meet whatever repayment claims it is prudent to anticipate. RFL currently reserves 40% of the funds in order to meet this requirement.

Reclaim rates are currently around 5% per annum.

As per the Dormant Assets Act 2022, in the event that RFL is, or looks likely to be, unable to meet its reclaim liabilities, the Treasury has legislated for a power to provide RFL with a loan to cover these liabilities out of money provided by Parliament.

### ***Further material***

The following reference material is available on our website to assist Providers in considering further the requirements for Tracing, Verification and Reconnection (TVR) as part of Reunification prior to declaring assets as Dormant.

- [ABI Framework for the Management of 'Gone-Away' Customers in the Life and Pensions Market](#)
- [Gone-away Customers Engagement Optimisation Tool Kit](#)

We can also facilitate discussions with other insurance and pensions providers on their preparation for participating in the Scheme. Please contact us if you are interested.



## Annex: Transfer and Agency Agreement

The purpose of this document is to provide guidance to insurance and pension providers who are considering participating in the voluntary Dormant Assets Scheme (“Scheme”). The Scheme was expanded in 2023 to include the insurance and pensions sectors.

Once an insurance and pensions provider agrees to participate in the Dormant Assets Scheme, the provider (as a “Participant”) and Reclaim Fund Ltd (“RFL”) (as the operator of the Scheme) will enter into a Transfer and Agency Agreement (“TAA”).

The TAA will provide the framework within which the relationship between the Participant and RFL will be governed in relation to the transfer of dormant asset balances pursuant to the Scheme and the operation of the Scheme thereafter. The TAA comprises:

- a “common core” of provisions which apply across all sectors, and which ensure that the Scheme operates in the same way across all sectors;
- a number of sector-specific provisions, which take account of specific nuances of the relevant asset class which the Participant is transferring into the Scheme (but do not fundamentally change the fact that the Scheme operates in the same way across all sectors); and
- a number of template forms, certificates and notices which a Participant will need to use when participating in the Scheme. These are essentially the same for all sectors, although Participants must use the sector-specific version which is set out in the relevant TAA.

In addition, RFL has produced sector-specific Handbooks which sit alongside the TAA and provide practical information on, and summaries of aspects of, the Scheme.

The TAA has been negotiated at sector-level and the agreed form of the TAA will be binding on the Participant once entered into, with no scope for amendment by individual Participants.

### **Transfer of dormant assets**

Under the TAA, the Participant is entitled to (at its discretion) transfer any or all of its dormant assets to RFL and RFL may (at its discretion) accept these. The TAA outlines the categories of dormant assets that can be transferred under the Scheme and the processes to be followed by the Participant in doing so.

### **Ongoing responsibilities of the Participant and RFL**

The TAA sets out various ongoing responsibilities of both the Participant and RFL.

Most notably, the Participant remains solely responsible for managing and/or administering the relationship with the relevant dormant asset holder. In addition, while participating in the Scheme, the Participant will have a number of key responsibilities to ensure the smooth operation of the Scheme – for example, the Participant is responsible for retaining pre-existing records, and periodically submitting data to RFL in respect of the dormant assets, as well as dealing with any reclaims made by (or on behalf of) the relevant dormant asset holder.

RFL’s responsibilities include using reasonable endeavours to co-operate with the Participant in investigating any reasonable queries or complaints raised by the Participant or by any dormant asset holder in relation to a transferred dormant asset or a reclaimed asset and reimbursing the Participant in respect of any valid reclaims which are paid out to dormant asset holders (see "Repayments and reimbursements" below).

## Repayments and reimbursements

If a dormant asset holder (or someone who purports to be the dormant asset holder) requests repayment of or indicates an intention to transact or make a valid claim in respect of a transferred dormant asset, the Participant must promptly investigate the validity of the holder's entitlement and determine the amount owing to the holder. Subject to satisfying itself of the foregoing, the Participant, as agent of RFL, must then repay any such amount to the dormant asset holder.

If the Participant makes a repayment to a dormant asset holder during a relevant repayment period, the TAA outlines the process in terms of which a Participant should submit a "Reclaim Certificate" (on a quarterly basis) in order for RFL to reimburse the Participant in respect of the appropriate amount as set out therein.

## Participant liability towards RFL

### *Maximum liability*

Except for certain matters which relate to areas which cannot be capped as a matter of law or which the parties have agreed will not be capped, the Participant's overall maximum liability is limited to the greater of:

- an amount referred to as the "Liability Cap Floor Amount"; and
- 100% of the total dormant asset balances transferred to RFL by the Participant under the TAA and any other arrangements relating to the Scheme.

This cap will apply to all Participants on the same basis.


As at 5 June 2023 (the date that the current TAA first entered into use), the Liability Cap Floor Amount was £100,000,000. This Liability Cap Floor Amount was adjusted upwards on 1 February 2024 (to £104,000,000) and will be adjusted on each anniversary thereafter in line with CPI.

The liability cap operates to provide a maximum overall liability which the Participant has under the TAA towards RFL. The liability cap does not mean that RFL can automatically claim losses at the full value of the liability cap if the Participant does something wrong – the value of any claim would need to reflect RFL's losses as a result of such incident, and the nature of the warranties given by the Participant that relate to the liability cap (such as data accuracy warranties) means that, in practice, such a claim would likely be significantly lower than the liability cap. See also the "Background and rationale" section below.

The structure of the Participant's liability cap under the TAA is also in line with a typical structure for a commercial agreement. The TAA provides an aggregate (overall) cap and, once the Participant's transferred dormant asset balances exceeds the amount of the cap of £100,000,000, as adjusted from time to time (i.e. the lower of the limits), the amount of overall liability will increase in line with the amount that a Participant transfers into the Scheme. This is justified based on the potential risks and benefits to the parties under the Scheme, and the fact that these increase in line with a higher transfer value. As mentioned above, the liability cap also contains a number of typical exclusions and RFL's liability cap is set at the same level as the Participant's cap.

### *Background and rationale*

The liability provisions under the TAA are the outcome of detailed risk assessment by RFL and endorsed by HM Treasury (as RFL's ultimate parent) following extensive engagement with the industry. Prior to the introduction of the new TAA in 2023 (which is used in the expanded Scheme that has opened to



insurance and pension sector participants as announced in June 2023), the Scheme had, since 2011, operated on the basis of unlimited Participant liability.

One of the purposes of the TAA is to outline the Participant's performance obligations to support the successful operation of the Scheme by RFL for the benefit of all Participants, and RFL places considerable reliance on the actions of, and information provided by, Participants. Generally speaking, the obligations of the Participant under the TAA are matters which (but for the transfer of the dormant asset balances to the Scheme), the Participant would in any event be fully responsible for towards its customers (on a potentially unlimited basis).

## **Miscellaneous**

### Term

The TAA has an initial term of five years - although the amount and regularity of dormant asset transfers throughout such term is entirely at the Participant's discretion. The initial five-year term will extend automatically by one year on a rolling basis unless either the Participant or RFL give notice not to extend the initial term or renewal period.

It should be noted that, in respect of dormant assets which have already been transferred to the Scheme prior to termination or expiry of the TAA, the Participant's obligations (e.g. in relation to managing and administering the customer relationship, keeping records and dealing with reclaims) will continue after such termination or expiry of the TAA. However, the Participant will no longer be able to transfer additional dormant assets to the Scheme from the date of expiry / termination.

### Publication of Scheme details by RFL

The TAA also grants RFL certain publication rights, including the right to publish an annual report setting out the names of the participating institutions (including the Participant), an account of dormant asset balances transferred by each participating institution, and an account of reclaimed balances in respect of each participating institution and repaid (or credited) by each participating institution to each relevant dormant asset holder.

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*This summary has been produced by the ABI as a guide only of certain legal terms in the TAA that may be of interest to Participants when considering whether to participate in the Scheme and is not intended to be a comprehensive and all-inclusive summary of all the provisions in the TAA. The TAA includes further provisions relating to the terms that have been summarised in this guide, as well as standard terms and conditions typically found in commercial contracts.*

*The guide is not intended to provide regulatory or legal advice and will need to be interpreted in the specific context of each potential participant, subject to such participant's own judgement. Each potential participant is encouraged to read the full TAA and seek its own independent advice where necessary.*

*Whilst Reclaim Fund Ltd has reviewed this summary, neither Reclaim Fund Ltd nor the ABI accepts any responsibility for its contents.*

*The guide is published on 21 February 2024 and takes effect from that date.*