



# Child Trust Funds Act 2004

## 2004 CHAPTER 6

### *Introductory*

#### **1 Child trust funds**

- (1) This Act makes provision about child trust funds and related matters.
- (2) In this Act “child trust fund” means an account which—
  - (a) is held by a child who is or has been an eligible child (see section 2),
  - (b) satisfies the requirements imposed by and by virtue of this Act (see section 3), and
  - (c) has been opened in accordance with this Act (see sections 5 and 6).
- (3) The matters dealt with by and under this Act are to be under the care and management of the Inland Revenue.

#### **Commencement Information**

**I1** S. 1(1)(2) in force at 6.4.2005 by [S.I. 2004/3369](#), [art. 2\(1\)](#)

**I2** S. 1(3) in force at 1.1.2005 by [S.I. 2004/2422](#), [art. 2](#)

#### **2 Eligible children**

- (1) For the purposes of this Act a child is an “eligible child” if the child was born after 31st August 2002<sup>[F1]</sup> and before 3rd January 2011 ] and either—
  - (a) a person is entitled to child benefit in respect of the child, or
  - (b) entitlement to child benefit in respect of the child is excluded by the provisions specified in subsection (2)(a) or (b) (children in care of authority),but subject as follows.
- (2) The provisions referred to in subsection (1)(b) are—
  - (a) paragraph 1(c) of Schedule 9 to the Social Security Contributions and Benefits Act 1992 (c. 4) and regulations made under it, and

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- (b) paragraph 1(1)(f) of Schedule 9 to the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) and regulations made under it.
- (3) Where entitlement to child benefit in respect of a child is excluded because of a directly applicable [<sup>F2</sup>EU] provision or an international agreement, subsection (1) applies as if that exclusion did not apply.
- (4) Where a person is entitled to child benefit in respect of a child only because of a directly applicable [<sup>F2</sup>EU] provision or an international agreement, subsection (1) applies as if the person were not so entitled.
- (5) A child who—
- (a) does not have the right of abode in the United Kingdom within the meaning given by section 2 of the Immigration Act 1971 (c. 77),
  - [<sup>F3</sup>(b) is not entitled to enter or remain in the United Kingdom by virtue of an enforceable Community right or any provision made under section 2(2) of the European Communities Act 1972, and]
  - (c) is not settled in the United Kingdom within the meaning given by section 33(2A) of the Immigration Act 1971,
- is not an eligible child.
- [<sup>F4</sup>(5A) A child born before 3rd January 2011 who would otherwise have become an eligible child on or after that date is not an eligible child unless subsection (5B) or (5C) applies to the child.
- (5B) This subsection applies to a child (who accordingly is an eligible child by virtue of subsection (1)(a)) if—
- (a) a person is entitled to child benefit in respect of the child,
  - (b) the first day for which child benefit is paid falls on or before 3rd January 2011, and
  - (c) either subsection (5) does not apply to the child at the beginning of 3rd January 2011, or that subsection applies to the child at that time but ceases to apply to the child before 3rd April 2011.
- (5C) This subsection applies to a child (who accordingly is an eligible child by virtue of subsection (1)(b)) if—
- (a) the child is in the United Kingdom at the beginning of 3rd January 2011,
  - (b) the provisions specified in subsection (2)(a) or (b) apply in relation to the child before 3rd April 2011, and
  - (c) either subsection (5) does not apply to the child at the beginning of 3rd January 2011, or that subsection applies to the child at that time but ceases to apply to the child before 3rd April 2011.]
- (6) A person is not to be regarded for the purposes of subsection (1)(a)[<sup>F5</sup>or (5B)(a)] as entitled to child benefit in respect of a child (otherwise than by virtue of subsection (3)) unless it has been decided in accordance with—
- (a) Chapter 2 of Part 1 of the Social Security Act 1998 (c. 14), or
  - (b) Chapter 2 of Part 2 of the Social Security (Northern Ireland) Order 1998 (S.I. 1998/1506 (N.I. 10)),
- that the person is so entitled (and that decision has not been overturned).
- (7) Regulations may amend subsection (1) by substituting for the reference to 31st August 2002 a reference to an earlier date.

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#### Textual Amendments

- F1** Words in s. 2(1) inserted (16.12.2010) by [Savings Accounts and Health in Pregnancy Grant Act 2010 \(c. 36\), ss. 1\(2\), 4\(3\)](#)
- F2** Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\), arts. 2, 3, 6 \(with art. 3\(2\)\(3\), 4\(2\), 6\(4\)\(5\)\)](#)
- F3** S. 2(5)(b) substituted (1.6.2009) by [Immigration \(European Economic Area\) \(Amendment\) Regulations 2009 \(S.I. 2009/1117\), reg. 1, Sch. 2 para. 1](#)
- F4** S. 2(5A)-(5C) inserted (16.12.2010) by [Savings Accounts and Health in Pregnancy Grant Act 2010 \(c. 36\), ss. 1\(3\), 4\(3\)](#)
- F5** Words in s. 2(6) inserted (16.12.2010) by [Savings Accounts and Health in Pregnancy Grant Act 2010 \(c. 36\), ss. 1\(4\), 4\(3\)](#)

#### Commencement Information

- I3** S. 2 in force at 6.4.2005 by [S.I. 2004/3369, art. 2\(1\)](#)

### 3 Requirements to be satisfied

- (1) A child trust fund may be held only with a person (referred to in this Act as an “account provider”) who has been approved by the Inland Revenue in accordance with regulations.
- (2) An account is not a child trust fund unless it is an account of one of the descriptions prescribed by regulations.
- (3) The provision which may be made by regulations under subsection (1) includes making approval of an account provider dependent on the person undertaking to provide accounts of such of the descriptions for which provision is made by regulations under subsection (2) as is prescribed by the regulations.
- (4) The terms of a child trust fund must—
  - (a) secure that it is held in the name of a child,
  - (b) secure that the child is beneficially entitled to the investments under it,
  - (c) secure that all income and gains arising on investments under it constitute investments under it,
  - (d) prevent withdrawals from it except as permitted by regulations<sup>[F6]</sup> under this section or any other provision of this Act], and
  - (e) provide that instructions may be given to the account provider with respect to its management only by the person who has the authority to manage it.
- (5) Regulations may impose other requirements which must be satisfied in relation to child trust funds.
- (6) The person who has the authority to manage a child trust fund held by a child—
  - <sup>[F7]</sup>(a) if the child is 16 or over and has elected to manage the child trust fund, is the child;
  - (b) in any other case, is the person who has that authority by virtue of subsection (7) (but subject to subsection (10)).]
- (7) If there is one person who is a responsible person in relation to the child, that person has that authority; and if there is more than one person who is such a person, which of them has that authority is to be determined in accordance with regulations.

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- (8) For the purposes of this Act a person is a responsible person in relation to a child <sup>F8</sup>... if the person has parental responsibility in relation to the child and is not—
- (a) a local authority or, in Northern Ireland, an authority within the meaning of the Children (Northern Ireland) Order 1995 (S.I. 1995/755 (N.I. 2)), or
  - (b) a person under 16.
- (9) “Parental responsibility” means—
- (a) parental responsibility within the meaning of the Children Act 1989 (c. 41) or the Children (Northern Ireland) Order 1995, or
  - (b) parental responsibilities within the meaning of the Children (Scotland) Act 1995 (c. 36).
- (10) Regulations may provide that, in circumstances prescribed by the regulations, the person who has the authority to manage a child trust fund held by a child <sup>F9</sup>... [<sup>F10</sup>is to be a person appointed by the Treasury or by the Secretary of State. ]
- (11) A person who has the authority to manage a child trust fund by virtue of subsection (10) is entitled to give any instructions to the account provider with respect to its management which appear to the person who has that authority to be for the benefit of the child.
- [<sup>F11</sup>(11A) Regulations under subsection (10) may provide that, where the terms on which a person is appointed by the Treasury or by the Secretary of State include provision for payment to the person, the payment must be made by a government department specified in the regulations (instead of by the person making the appointment).
- (11B) Regulations may provide that, where a person authorised to manage a child trust fund by virtue of subsection (10) ceases to be so authorised, the person must provide any information held by that person in connection with the management of the fund to the person (if any) who becomes authorised by virtue of that subsection to manage the trust fund instead.]
- (12) Where a contract is entered into by or on behalf of a child who is 16 or over in connection with a child trust fund—
- (a) held by the child, or
  - (b) held by another child in relation to whom the child has parental responsibility, the contract has effect as if the child had been 18 or over when it was entered into.

#### Textual Amendments

- F6** Words in s. 3(4)(d) inserted (26.3.2015 for specified purposes) by [Deregulation Act 2015 \(c. 20\)](#), [ss. 62\(4\)](#), [115\(2\)\(d\)](#)
- F7** [S. 3\(6\)\(a\)\(b\)](#) substituted (26.5.2015) by [Deregulation Act 2015 \(c. 20\)](#), [ss. 61\(2\)](#), [115\(3\)\(f\)](#)
- F8** Words in s. 3(8) omitted (26.5.2015) by virtue of [Deregulation Act 2015 \(c. 20\)](#), [ss. 61\(3\)](#), [115\(3\)\(f\)](#)
- F9** Words in s. 3(10) omitted (26.5.2015) by virtue of [Deregulation Act 2015 \(c. 20\)](#), [ss. 61\(4\)](#), [115\(3\)\(f\)](#)
- F10** Words in s. 3(10) substituted (26.5.2015) by [Deregulation Act 2015 \(c. 20\)](#), [ss. 60\(2\)](#), [115\(3\)\(f\)](#)
- F11** [S. 3\(11A\)\(11B\)](#) inserted (26.5.2015) by [Deregulation Act 2015 \(c. 20\)](#), [ss. 60\(3\)](#), [115\(3\)\(f\)](#)

#### Commencement Information

- I4** S. 3(1)(3) in force at 1.1.2005 for specified purposes by [S.I. 2004/2422](#), [art. 2](#)
- I5** S. 3(1)-(9) (12) in force at 6.4.2005 in so far as not already in force by [S.I. 2004/3369](#), [art. 2\(1\)\(2\)\(4\)](#)
- I6** S. 3(2) s. 3(4)-(9) (12) in force at 1.1.2005 for specified purposes by [S.I. 2004/2422](#), [art. 2](#)

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**17** S. 3(10)(11) in force at 6.4.2005 by [S.I. 2004/3369](#), **art. 2(1)**

#### **4 Inalienability**

- (1) Any assignment of, or agreement to assign, investments under a child trust fund, and any charge on or agreement to charge any such investments, is void.
- (2) On the bankruptcy of a child by whom a child trust fund is held, the entitlement to investments under it does not pass to any trustee or other person acting on behalf of the child's creditors.
- (3) "Assignment" includes assignation; and "assign" is to be construed accordingly.
- (4) "Charge on or agreement to charge" includes a right in security over or an agreement to create a right in security over.
- (5) "Bankruptcy", in relation to a child, includes the sequestration of the child's estate.

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#### **Commencement Information**

**18** S. 4 in force at 6.4.2005 by [S.I. 2004/3369](#), **art. 2(1)**

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