These notes refer to the Dormant Bank and Building Society Accounts Act 2008 (c.31) which received Royal Assent on 26th November 2008

DORMANT BANK AND BUILDING SOCIETY ACCOUNTS ACT 2008

EXPLANATORY NOTES

COMMENTARY ON SECTIONS AND SCHEDULES

Part 1: Transfer of balances in dormant accounts

Section 10: "Dormant"

57. This section explains when an account will be regarded as dormant for the purposes of sections 1 and 2. In practice, as participation in the scheme is voluntary, institutions will have the flexibility to take into account other indications as to whether an account is genuinely dormant, in addition to meeting the requirements of this section. For example, correspondence from the customer or activity in relation to other accounts held with the same institution may be regarded as evidence that the customer is still active and that their account which would otherwise meet the definition of "dormant" should not be transferred to the scheme.

58. *Subsection (2)(a)* excludes from the scheme "no mail" accounts (i.e. those accounts where the account holder has instructed their bank or building society not to contact them).

59. *Subsection (2)(b)* provides that in relation to "fixed-term" accounts, the 15 year dormancy period does not begin to run until the end of the fixed-term period.

60. *Subsection (3)* clarifies that if an account is closed by someone other than the account-holder, for example if it is closed by a bank or building society for administrative reasons, this is not to be taken into consideration when determining whether the account is dormant for the purposes of subsection (1).

61. *Subsection (4)* ensures that child trust fund accounts are treated as fixed term accounts under subsection (2)(b) and excluded from the dormant accounts scheme whilst the child is under 18. The Child Trust Funds Regulations 2004 (SI 2004/1450), made under section 3(4)(d) of the Child Trust Funds Act 2004, permit withdrawals before the age of 18 where the child is terminally ill or has died.

62. *Subsections (5) and (6)* contain a power to allow the Treasury to amend the period of time that an account has been open and inactive before it can be considered dormant. It is anticipated that such a power would only be used if the evidence of the early years of the operation of the scheme, and the experience of institutions, suggest that the 15 year period is inappropriate. It is also anticipated that there would be a reasonable period of time between the announcement of such a change and its implementation, to allow the amendment to be publicised before it took effect.