

# Jersey Dormant Bank Accounts Law - Update

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## Introduction

Since 17 July 2017, Banks have been able to close dormant bank accounts by depositing the account balance into a central fund, the Jersey Reclaim Fund. Any money that is not reclaimed from the fund will be used for charitable and social purposes.

The Dormant Bank Accounts (Jersey) Law 2017 (the **Law**) is now fully in force, specifically as to the responsibilities of the Chief Minister detailed below.

## How does this help banks?

Currently, where a Jersey bank has lost contact with a customer it must maintain the customer's deposit account. The Law allows banks to remove the liabilities associated with dormant accounts from their balance sheets.

## How does the scheme work?

An account will be classified as dormant if no transactions have been carried out by the customer on it for 15 years. Banks will have to notify customers with dormant accounts 3 months before transferring account balances to the central fund. There is a transitional provisions to give banks time to build systems to identify accounts that have been dormant for 15 years. Failure to comply with the Law is a criminal offence and punishable by a fine.

The regime covers precious stones and metal (excluding jewellery) as well as deposit accounts. Non-sterling balances will be converted into sterling before the transfer, at a market mid-rate. Transfers to the fund will be made annually, in December of each year.

## Can money be reclaimed?

Customers will be able to reclaim money after a transfer is made to the fund by getting in touch with their bank. Banks must retain customer records so that they can administer claims and will (acting as agent for Jersey Reclaim Fund) be required to return the money to customers. Banks will be entitled to claim quarterly for reimbursement from the fund. Where permitted by the bank's terms that bind the account holder, the bank may recover its reasonable fees and expenses in relation to the claim.

## Who administers the Jersey Fund?

The Jersey Reclaim Fund will be run by the Chief Minister and administered by the Treasury and Resources Department.

Now that the Law is fully in force, the Chief Minister's responsibilities relating to the distribution of monies held in the Jersey Reclaim Fund, and the distribution mechanism itself, are now active.

## What happens to the money?

Money that is not reclaimed will be used to cover the costs of the Commissioner of Charities for the year up to and including 2023. It may also be used to fund arts, sport and the heritage of Jersey and for charitable purposes with a minimum amount of £250,000. The Dormant Bank Accounts (Distribution of Fund Money) (Jersey) Order 2020 (the **Order**) which came into force on 18 June 2020 provides for situations of emergency arising in Jersey – in such circumstances, the Chief Minister may decide to distribute additional amounts for charitable purposes to help with the situation and its aftermath.

While total deposits in Jersey are much less than in the UK, the Jersey scheme may generate significant revenue; the UK dormant accounts scheme has transferred £238 million to the Big Lottery Fund since 2009.

When deciding whether to make a distribution, the Chief Minister must take into account certain considerations which are set out in the Order, such as the expected amounts which will be reclaimed from the Jersey Reclaim Fund. The Chief Minister will have access to various sources in order to make his decision which include information provided by banks in Jersey, comparisons with the amounts distributed under similar schemes in other jurisdictions or economic forecasts.

## Who distributes the money?

After notification by the Chief Minister of the relevant amounts to be distributed, the Jersey Community Foundation Limited (the **Foundation**) will distribute the money to bodies the Foundation determines to be carrying out charitable purposes.

## Are there precedents for the scheme?

The UK, US, Australia and the Cayman Islands all have dormant accounts schemes. The UK scheme is optional for banks but, in common with the Cayman Islands scheme, it is proposed that the Jersey scheme will be compulsory.

### **Useful links:**

[Draft law](#)

[Dormant Bank Accounts \(Jersey\) Law 2017](#)

[Dormant Bank Accounts \(Jersey\) Law 2017 \(Appointed Day\) Act 2017](#)

[Dormant Bank Accounts \(Jersey\) Law 2017 \(Appointed Day\) \(No. 2\) Act 2019](#)

[Dormant Bank Accounts \(Distribution of Fund Money\) \(Jersey\) Order 2020](#)

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