

PD20090/355



The Consumer Council

Consultation on draft spending priorities for the dormant bank and building society accounts scheme in Northern Ireland

A response from the Consumer Council

September 2009

The Consumer Council
Elizabeth House
116 Hollywood Road
BELFAST
BT4 1NY
T: 028 9067 2488
E: info@consumercouncil.org.uk
W: consumercouncil.org.uk

**Dormant Accounts Scheme
Return Form**

Name Alison Donnelly
Address 116 Holywood Road, BELFAST
Postcode BT4 1NY
email adonnelly@consumercouncil.org.uk
Company Name or Organisation The Consumer Council
Please tick one box from the list below that best describes you/your company or organisation
Non Departmental Public Body with a statutory remit to represent consumers
If you are responding on behalf of an organisation/interest group how many members do you have and how did you obtain the views of your members: The Consumer Council regularly listens to the concerns of and consults with consumers and stakeholders. We do this in meetings, at events and by conducting both quantitative and qualitative research. We also have a consumer support section dedicated to helping consumers resolve their complaints about buses, trains, planes, ferries, natural gas, electricity, coal and water.

Executive summary

1. The Consumer Council believes that the first priority for the money is, and should continue to be, to get it back to the people to whom it belongs. We are committed to raising awareness of the forgotten accounts and helping consumers check if any of the money belongs to them. We would welcome the support of the Northern Ireland Executive for this objective.
2. Any remaining money should be put to work helping consumers gain the knowledge, skills and confidence to manage their money. Consumer Council research shows that consumers here are bottom of the UK league when it comes to being financially savvy and this may be the reason why there is so much money lying in forgotten bank accounts in the first place.

About the Consumer Council

The Consumer Council was set up by Government in 1985 and is funded by the Department of Enterprise, Trade and Investment (DETI).

Our job is to speak up for consumers and give them a voice. We also ensure that the policy makers in Northern Ireland hear that voice and take it into account when they are making decisions that affect us all.

We do this by running information and education campaigns, influencing the public and private sectors, undertaking research and producing publications. We also help individual consumers with complaints about buses, trains, planes, ferries, natural gas, electricity, coal and water.

Introduction

The Consumer Council welcomes this opportunity to contribute to the consultation on how any remaining money in forgotten (dormant) accounts should be spent.

The first section of this paper deals with the first priority for the money in forgotten accounts — reuniting consumers with their money.

Our response to the questions posed in the consultation document is set out in the second section.

Reuniting consumers with their money

We believe that the first priority for the money is, and should continue to be, to get it back to the people to whom it belongs. That is why we launched a campaign in April last year¹ to raise awareness of the money and to encourage consumers to check whether any of it belongs to them.

Are you sitting on a small fortune? campaign

The campaign involved print, broadcast and online media as well as posters and an easy step-by-step guide for consumers. We received warm support from many members of the Assembly and the leaflets are available in all constituency offices as well as from advice centres, libraries, doctor and dental surgeries throughout Northern Ireland.

In the first three months of the campaign, the Consumer Council was contacted by 289 consumers and the information on the website was accessed 1,400 times. In all, more than 6,000 applications for a search to be undertaken have been made by consumers with an address in Northern Ireland through the Mylostaccount website².

Continuing to raise awareness

The Consumer Council continues to take every opportunity to raise consumer awareness of the money in forgotten accounts. We appreciate that the account holder maintains the right to retrieve their money at any time and that this is not the subject of the consultation, but we believe it is important to stress at the outset that the best outcome is for the money to be returned to its owners.

- We urge the Department of Finance and Personnel (DFP) to use this consultation period to raise awareness of search facilities and to encourage consumers to check whether any of the money belongs to them. The particular challenge is to reach the one in five people who feel it is not important to keep up to date with financial matters³. The Consumer Council would be happy to partner with DFP to do that and would be pleased to discuss options.

¹ The Consumer Council launched a forgotten accounts campaign in April 2008 to encourage consumers to check if they had a forgotten account:
<http://www.consumerCouncil.org.uk/newsroom/441/northern-ireland-consumers-are-sitting-on-a-small-fortune/>

² Information provided by the British Banker's Association, 11 August 2009.

³ *Managing Money: How does Northern Ireland add up?* 2007, The Consumer Council, (A research report based on the Financial Services Authority (FSA) UK Baseline Survey)

- It would also be useful if DFP would take this opportunity to ask the banks and building societies to use their best efforts to track down the owners of the money. Some of the local banks and building societies had high-profile campaigns to contact their customers and encourage them to search for forgotten accounts. Bank of Ireland was the first of the home-grown banks to launch a media campaign – called Funds Reunited – to help raise awareness of the issue. Now would be a good time for banks and building societies to renew their commitment to giving the money back to the people to whom it belongs.

The consultation questions

Within the general definition of social and environmental purposes are there particular areas/issues that would benefit from these funds?

- The Consumer Council believes that the remaining money should be put to work helping consumers gain the knowledge, skills and confidence to manage their money. Consumer Council research shows that consumers here are bottom of the UK league when it comes to being financially savvy⁴ and this may be the reason why there is so much money lying in forgotten bank accounts in the first place.
- In today's financial climate it is more important than ever that consumers maximise their income by claiming all they are entitled to, manage their household budget and protect themselves from financial risks by having savings or insurance to fall back on. Unfortunately, many consumers face over-indebtedness and arrears and all of us have to make difficult decisions about how to make ends meet. Recent research⁵ by the Consumer Council found:
 - Almost four in ten (38 per cent) respondents were worried about their ability to make ends meet at present;
 - Half (53 per cent) of respondents were worried about their ability to make ends meet in the future;

⁴ *Managing Money: How does Northern Ireland add up?* 2007, The Consumer Council, (A research report based on the Financial Services Authority (FSA) UK Baseline Survey)

⁵ NISRA research commissioned by the Consumer Council, April 2009

- A third (35 per cent) of respondents were worried that they or someone in their household may lose their job within the next year; and
- Six per cent of respondents admitted that they were at risk of losing their home within the next year because they cannot pay their rent or mortgage.
- Our analysis of the Financial Service Authority's Baseline Survey, published in March 2006, found that in Northern Ireland:
 - Almost a third of people here believe they are only one month away from hardship if anything unexpected should happen;
 - Half have no insurance for loss of income or property; and
 - More than a quarter don't get any independent information or help before choosing a financial service, like a mortgage.
- Being financially capable means understanding the importance of money and having the skills and confidence to manage and use it wisely. It means being prepared for a rainy day, saving in a safe place, getting all the financial help to which you are entitled, having the appropriate insurance cover, being prepared for your retirement and knowing how to get independent financial or debt advice when it is needed.
- A decision in favour of using this money to improve people's financial capability would:
 - Make a difference to individual personal finances and quality of life;
 - Reduce money-related stress and associated ill health;
 - Reduce levels of personal debt in Northern Ireland;
 - Improve relationships between customers and financial institutions; and
 - Strengthen the economy.

Are there particular groups of individuals/organisations that should be specifically targeted?

- The Consumer Council does not take a view on which organisations or individuals should be targeted to receive the money but we believe that the resources should go to financial capability initiatives that reach consumers who are not yet being reached.

- The Consumer Council leads the Northern Ireland Financial Capability Partnership (the Partnership) which brings together government, banks, building societies, credit unions, education and community groups to ensure that we all help consumers in Northern Ireland to manage their money and make it work best for them
- The Partnership has created a map of financial capability projects in Northern Ireland which is updated continually to identify gaps and possible partners for new initiatives. This also helps members avoid duplication of projects and resources. Current gaps include:
 - Consumers who are facing a change in circumstances such as redundancy, falling income or repossession;
 - Mental health issues;
 - Family and community learning;
 - Older people;
 - Rural communities;
 - Students and graduates; and
 - Self employed.

Do you think disadvantaged areas⁶ in particular should be targeted?

- As indicated in our previous response, the Consumer Council believes that the money for financial capability initiatives should be targeted at consumers for whom it will make the most difference.

A particular issue in Northern Ireland since the inception of the National Lottery has been the ethical difficulties that some groups have had with seeking access to funds generated by gambling. How best could we accommodate organisations that on moral or ethical grounds did not secure funding from the lottery?

- The Consumer Council does not have a view on this issue.

Do you have any views on how the funds should be delivered? e.g. should

⁶ For the purposes of this Consultation “Disadvantaged Areas” are defined as the 36 Neighbourhood Renewal Areas

the scheme be used for revenue and/or capital purposes; loans to promote social enterprise; should the funding be delivered over a short or longer time frame; do you have any views on the size of grants; should an endowment, be created, or endowments supported.

- The Consumer Council envisages that groups wishing to receive funding for a financial capability initiative would have to demonstrate that their initiative reaches consumers who are not currently being reached by financial capability initiatives.
- We expect that successful initiatives would be:
 - Either a new initiative or a request for assistance in developing or extending current work;
 - Evidence-based;
 - Ambitious but have attainable targets with measurable outputs; and
 - Sustainable or leave a legacy for others even after the initial project has been completed.
- We do not believe that the money should be used as core funding.

Could the Dormant Accounts Scheme be used as an opportunity to promote partnership working with others in government or the larger community?

- A wide variety of organisations, including government, financial institutions and community and voluntary organisations, are involved in delivering financial capability, as demonstrated by the membership of the Financial Capability Partnership.
- A practical output of partnership working was the first Money Week held in Northern Ireland in November 2008. Over 100 stakeholders attended the launch event at Coleraine Borough Council offices and over 20 events were arranged by partners throughout Money Week.
- Directing funding to financial capability projects will support this ongoing partnership and collaborative working.

We would welcome your comments as to why you think that your identified spending priorities/areas merit support.

- The Consumer Council believes that the remaining money should be put to work helping consumers gain the knowledge, skills and confidence to manage their money.
- Consumers here are bottom of the UK league when it comes to being financially savvy and this may be the reason why there is so much money lying in forgotten bank accounts in the first place.
- In Northern Ireland:
 - Almost a third of people here believe they are only one month away from hardship if anything unexpected should happen;
 - Half have no insurance for loss of income or property; and
 - More than a quarter don't get any independent information or help before choosing a financial service, like a mortgage.
- A decision in favour of using this money to improve people's financial capability would:
 - Make a difference to individual personal finances and quality of life;
 - Reduce money-related stress and associated ill health;
 - Reduce levels of personal debt in Northern Ireland;
 - Improve relationships between customers and financial institutions; and
 - Strengthen the economy.

If you require any further information or clarification please contact Alison Donnelly at the Consumer Council on 028 9067 4820 or by email adonnelly@consumercouncil.org.uk.