Andrew Turvey has "largely forgotten" about his son's stakeholder CTF

Untouched: £500m in children's savings

Half a billion pounds is sitting unclaimed in trust funds

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More than half a billion pounds saved into child trust funds has been untouched since the account holders were able to get at their money.

There is about £554 million held in the savings accounts of 18-year-olds, suggesting that many may not even realise they have them. Others have had difficulty finding their accounts or providing the official documents (such as utility bills or driving licences) needed to prove who they are, so they can withdraw their cash.

Child trust funds (CTFs) were created by the Labour government in 2002. They were automatically opened for children born between September 1, 2002, and January 2, 2011, who received a £250 voucher (£500 for lower income families). Some children had a second £250 payment when they turned seven but this was scrapped in 2010.

The children could not gain access to the account until they were 18 and so the first trust fund babies were able to get at their money in September last year. But the Investing and Saving Alliance (Tisa), an industry body, said that close to three out of five of those accounts belonging to 18-year-olds have not been touched.

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option to set up a cash or stocks and shares (stakeholder) investment account before their child's first birthday. About a quarter of parents did nothing, so the government automatically opened a CTF on their child's behalf. Many families lost track of these accounts over the years as they misplaced documents or moved address.

After the financial crisis the £520 million a year cost of the scheme became too much for the government to carry and it was abolished in 2011. Junior Isas were created in 2011 and from 2015 the 6.3 million child trust funds could be converted into Junior Isas.

About 525,000 accounts are thought to have matured between September 1, 2020 and May 31 this year, according to Tisa, with 305,000 still unclaimed. Of the remaining 220,000 CTFs that have been claimed, 184,000 have been cashed in and 36,000 have been rolled on to another product, such as an adult Isa.

The average CTF holds £1,500 and you can save up to £9,000 a year in them. Young adults can take over the running of the account when they are 16 but cannot make withdrawals until they are 18.

Doing that has not been straight- forward for some holders, who report being asked to provide documents such as utility bills, driving licences and council tax statements before they can get at their money.

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Nigel Banfield, a policy manager at Tisa, said: “Children turning 18 have very little financial footprint, they don’t have bank statements, utility statements or the other things that banks would usually require to open an account.”

In January 2020, nine months before the first CTF holders were due to turn 18, the government set out rules over what should happen to the accounts. Trust fund companies must send a young person a letter ahead of their 18th birthday, using the address they have on file. If they don’t get a response, it will be placed into a protected account known as a “mature CTF”.

Experts say that as many as four in five of the 4.84 million stakeholder CTF accounts could be incurring investment charges several times higher than available elsewhere. Their investment charges were capped at 1.5 per cent, a sum charged by 18 out of 22 of the CTF accounts analysed last year by the investment platform Willis Owen. Despite the high charges, some funds simply tracked a stock market index such as the FTSE all-Share. You can get similar tracker funds through a Junior Isa with a charge as low as 0.1 per cent and the investment platforms you hold the fund on can charge as little as 0.25 per cent, meaning a CTF investor could be paying more than three times as much as they need to be.

Someone with £2,000 in a child trust fund would pay £7 a year if invested in a tracker fund charging 0.1 per cent with a 0.25 per cent platform fee, compared with £30 a year if they were being charged the 1.5 per cent CTF maximum.

Martin Shaw, chief executive of the Association of Financial Mutuals, which represents eight CTF providers including One Family, Britain’s largest, said: “As young people hear what their peers have done with their investment, I would expect the rate of unclaimed accounts to decline.

“However, there is also a need for concerted action to help get the message out and to simplify the process. Letters are sent in the run-up to

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“In many respects the message is quite simple: in 99.9 per cent of cases, if you’ve just turned 18 and haven’t yet cashed in your child trust fund, there is a bank or financial institution waiting for you to tell them what you’d like to do. On average there is £1,500 in your account — so act now.”

12-year-old Anya and her mother, Nomita Vaish-Taylor

‘I can’t find the paper from 12 years ago’

Nomita Vaish-Taylor, 48, from Kingston-upon-Thames, has lost track of the trust fund for her daughter, Anya, who is 12. She opened it in 2009 with the £250 voucher but can’t remember whether it is a cash or investment account or who it is with. “I got a piece of paper when I deposited the voucher, but I can’t find it,” she said. “I’ve moved home in between so I don’t think I had any statements over the past few years.”

Vaish-Taylor also set up a savings account for Anya a year ago, so she says that if she can track down the lost trust fund, it will be a bonus. “I haven’t put any more money into it, but it should have grown a bit in 12 years.”

‘I’m not sure it’s worth the effort to claim’

Andrew Turvey from Hertfordshire has “largely forgotten” about his son’s stakeholder CTF. He recently found a 2017 statement that said that it contained £430.

“It’s just sat somewhere, presumably earning little to no interest. It’s six years until we can claim it, but given the size I’m not sure it’s worth the

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Turvey, 44, opened it because of the government voucher. “I thought why not, it’s free money. I didn’t contribute myself — why would I choose to lock up cash for 18 years? But the grandparents did.

“When it comes to his real savings, for university, a first house, which I’m very concerned about, I’ve saved into an investment Isa. It gives me decent returns with low fees, while I have the option to raid it for rainy-day cash if necessary.”

YOUR STORY
Where is your child’s fund? money@sundaytimes.co.uk

How to trace an old child trust fund

Children born between September 2002 and January 2011 should have a CTF. You can find it using HM Revenue & Customs’ official tracing service but will need to register to get a Government Gateway ID and password, and provide a national insurance number. If you have a trust fund statement, it should have a unique reference number that you can enter too. HMRC says it will send details of the trust fund company by post within three weeks.

You could also try the CTF Register run by the Tracing Group, which works with financial firms to track down lost customers, and the charity ShareFound. Print the form from findctf.sharefound.org, sign it and send

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