Vestigium Services

Founder and Owner
Paul Aggett

A new firm, Vestigium Services, works with a growing list of caring financial services organisations, including JPMorgan, Invesco Perpetual and Aberdeen Standard, who all want to do more to find their "gone away" customers and return their billions of assets. With his anchor clients, Vestigium's founder, Paul Aggett, believes greater customer care will lead to more opportunities for financial services companies. This also means that they can market to their existing customer base, inspire loyalty and observe the regulatory principle of maintaining accurate data. Paul explains that this re-engagement with "gone away" constituents is entirely consistent with the FCA principle of treating customers fairly (TCF).

AT A GLANCE
VESTIGIUM SERVICES

- Founder and owner: Paul Aggett
- Established in 2013
- Based in Norwich, Norfolk
- Services: Caring financial service organisation
- No. of employees: 8
- www.vestigium-services.com

Our principle area of operation

Vestigium Services is a new provider operating from a secure data centre based in the UK. For consumers, it is a free service. For financial services organisations, Vestigium treats the root causes of "gone away" customers (GAs), while providing a cost-effective tracing service with a high discovery rate.

Quality data-matching and prioritisation have been historic stumbling blocks for the industry, so Vestigium provides a repository where GAs can be continually matched against self-populated consumer data. This is accessed by the public through Vestigium's consumer website and through working with publicly and privately available records which are always being refreshed and updated (albeit not typically cross-referenced effectively).

The regulators are as sensitive as Westminster is. GAs were defined in the FCA's thematic review (called the Fair Treatment of Long-Standing Customers), issued in March 2016, as "all customers firms have lost contact with or are unable to contact". Historically, tracing has been limited to a digital postcode-matching process, which is both quick and inexpensive but often ineffective. Under this process, customers who move overseas have been inaccessible to financial firms. For in-house resources, these have been big operational challenges.

Financial firms have relied upon internal consumer enquiry processes to re-engage with their customers. However, the consumer may well not even know about, or be able to provide, the information required to claim for their asset. Following a death, lawyers sign off probate and make limited enquiries about assets held by the deceased person beyond asking their nearest relatives. Those involved simply may not know, and discovery has therefore been difficult.

Billions of pounds lost

The FCA attempted to determine the scale of the issue for the Life and Pensions (L&P) sector. Eleven L&P companies the FCA cited for in its 2016 report said they had a wide range of GAs, with results ranging from three per cent to 22 per cent of their total customer book. Taking a simple average of ten per cent and applying it to the £2 trillion L&P industry would give an estimated value of assets belonging to GAs of roughly £200 billion. Even a very conservative estimate of £20 billion to £50 billion due to GAs or their beneficiaries is a startling volume of "lost" assets. Recall can be weak, relatives may be unaware and paperwork lost, especially after the distress of family loss. As a result, there are multitudes of smaller amounts owed to many ordinary people.

Adding in banks, building societies, asset managers and securities industries to the L&P numbers might double the estimates to a level of £40 billion to £100 billion. While the numbers are admittedly estimates, they are substantive. Vestigium's work bridges the gaps, uniquely combining digital discovery, a safe pooling mechanism and traditional analogue mining skills to resolve the issue.

Understanding definitions and the legal framework

Dormant accounts these days are defined by the Dormant Bank and Building Societies Act 2008 (the "Bank Act") as 15 years without contact. The Bank Act enables the distribution of so-called dormant assets to charity. There is a stipulation for banks and building societies to screen before handing these monies over to Reclaimed Funds Limited (RFL) for release to charity. It appears little tracing is done prior to release of funds to RFL, as RFL holds back significant assets on its balance sheet in the knowledge that the consumer has a perpetual right to reclaim.

The Dormant Assets Commission (DAC) released its report in March 2017 on extending the act to cover other asset classes, notably L&P, asset management and securities. It is important to note that the DAC was endeavouring to determine what might eventually become available to charities, and, after increased effort in tracing, to lost customers. We have no reason to dispute the DAC finding that eventually a further £2 billion might become available to charities. We distinguish this amount from the far larger amounts which would be released to consumers if a concerted effort was made to trace GAs.

Consumer benefits

How our clients can benefit is outlined as follows:

- As of December 2017, £1.1 billion has been deposited in the Reclaimed Funds bucket following the Bank Act. A total of £362 million has subsequently been released to charities, and £66 million (less than seven per cent) has been claimed by its rightful owners. Counterintuitively, money could be released to charity more quickly if it came after an increased effort to trace people. An insurance policy would be possible after certain agreed efforts in tracing had been delivered.
- Returning any amount of the £100 billion GAs into the economy would quickly be a significant boost to the UK economy.
- Those who were bequeathed "everything" in wills may not have received "everything", and a concerted push to resolve GAs would enable speedier, more accurate closure of probate.
- A fiscal dividend: where inheritance tax thresholds are breached, these assets are now taxable, and where the asset is a pension, tax will also be due.

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» BENEFITS TO THE FINANCIAL SERVICES INDUSTRY

- The industry is aware that consumer trust needs to be rebuilt following the financial services crisis of 2008. Doing one's utmost for the customer would pay dividends here.
- Cybercrime concerns will require investment in legacy systems and consequently legacy data.
- A significant re-engagement selling opportunity.
- For the pension annuity industry, reserves held can be released, reducing capital requirements.
- Compliance with GDPR and the FCA's principles of TCF.
- Significantly reducing customer enquiry workloads, saving in considerable overhead expense.
- Providing a "notify once" solution for change of circumstance presents a tangible customer service benefit.
- A cost-effective way of maintaining up-to-date personal details for child trust accounts.
- Supports the pension dashboard initiative by linking consumers with historic multiaddresses to their pensions.