

Regulatory Statement

Inactive Deposits

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| Regulatory Statement Number | 23-026 |
| Legislation: | <i>Financial Institutions Act</i> |
| Date: | December 19, 2023 |
| Distribution: | B.C. Credit Unions |

PURPOSE

This Regulatory Statement (“Statement”) sets out the position of BC Financial Services Authority (“BCFSA”) under section 85 of the *Financial Institutions Act* (“FIA”) with respect to inactive deposits.

This Statement repeals and replaces CU-1999-001 “Inactive Deposits.”

BACKGROUND INFORMATION

Section 85 of the FIA provides the criteria for inactive deposits as well as requirements for credit unions in dealing with these deposits. The definition of inactive deposits under the FIA should not be confused with the terms “inactive account” or “dormant account,” which credit unions use for their own operational purposes. The terms “inactive account” or “dormant account” are usually defined by credit union policy and not by statute.

Credit unions are expected to familiarize themselves with section 85 of the FIA as well as the Inactive Deposit Regulation (“Regulation”), the *Unclaimed Property Act* (“UPA”), and the Unclaimed Property Regulation (“UP Regulation”) to ensure they remain in compliance with legislative and regulatory requirements.

REQUIREMENTS

Criteria for an Inactive Deposit

Under section 85(1.1) of the FIA, an inactive deposit is a debt owing by a credit union because of a deposit where no transaction has taken place and no statement of account has been requested or acknowledged during a period of 10 years.

BCFSA interprets “acknowledged” in this section to mean a depositor’s response acknowledging their account number and account balance in writing, such as a member’s signature on an Acknowledgement of Inactive Account Notice. BCFSA interprets a “transaction” in this section to mean a member-generated transaction.

Transfer of Inactive Deposit

Under section 85(4) of the FIA, once a credit union has mailed written notice to the depositor and does not receive instruction from the depositor within 30 days of receipt of the notice, then the credit union must pay

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the funds, including any interest, to the administrator¹. Money paid to the administrator under this section is considered an unclaimed money deposit under the UPA.

LEGISLATION

FIA, s. 85

Inactive Deposit Regulation

Unclaimed Property Act

Unclaimed Property Regulation

Copies of the legislation are available from www.bclaws.gov.bc.ca

¹ For the purposes of section 85 of the FIA, the Regulation, the UPA, and the UP Regulation, the administrator means the British Columbia Unclaimed Property Society, which has an agreement with the Government of B.C. to run the province's unclaimed property program.

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