



Child Trust Funds Act 2004

2004 CHAPTER 6

Introductory

3 Requirements to be satisfied

- (1) A child trust fund may be held only with a person (referred to in this Act as an “account provider”) who has been approved by the Inland Revenue in accordance with regulations.
- (2) An account is not a child trust fund unless it is an account of one of the descriptions prescribed by regulations.
- (3) The provision which may be made by regulations under subsection (1) includes making approval of an account provider dependent on the person undertaking to provide accounts of such of the descriptions for which provision is made by regulations under subsection (2) as is prescribed by the regulations.
- (4) The terms of a child trust fund must—
 - (a) secure that it is held in the name of a child,
 - (b) secure that the child is beneficially entitled to the investments under it,
 - (c) secure that all income and gains arising on investments under it constitute investments under it,
 - (d) prevent withdrawals from it except as permitted by regulations^[F1] under this section or any other provision of this Act], and
 - (e) provide that instructions may be given to the account provider with respect to its management only by the person who has the authority to manage it.
- (5) Regulations may impose other requirements which must be satisfied in relation to child trust funds.
- (6) The person who has the authority to manage a child trust fund held by a child—
 - ^[F2](a) if the child is 16 or over and has elected to manage the child trust fund, is the child;
 - (b) in any other case, is the person who has that authority by virtue of subsection (7) (but subject to subsection (10)).]

Changes to legislation: There are currently no known outstanding effects for the Child Trust Funds Act 2004, Section 3. (See end of Document for details)

- (7) If there is one person who is a responsible person in relation to the child, that person has that authority; and if there is more than one person who is such a person, which of them has that authority is to be determined in accordance with regulations.
- (8) For the purposes of this Act a person is a responsible person in relation to a child ^{F3}... if the person has parental responsibility in relation to the child and is not—
- (a) a local authority or, in Northern Ireland, an authority within the meaning of the Children (Northern Ireland) Order 1995 (S.I. 1995/755 (N.I. 2)), or
 - (b) a person under 16.
- (9) “Parental responsibility” means—
- (a) parental responsibility within the meaning of the Children Act 1989 (c. 41) or the Children (Northern Ireland) Order 1995, or
 - (b) parental responsibilities within the meaning of the Children (Scotland) Act 1995 (c. 36).
- (10) Regulations may provide that, in circumstances prescribed by the regulations, the person who has the authority to manage a child trust fund held by a child ^{F4}... [^{F5}is to be a person appointed by the Treasury or by the Secretary of State.]
- (11) A person who has the authority to manage a child trust fund by virtue of subsection (10) is entitled to give any instructions to the account provider with respect to its management which appear to the person who has that authority to be for the benefit of the child.
- ^{F6}(11A) Regulations under subsection (10) may provide that, where the terms on which a person is appointed by the Treasury or by the Secretary of State include provision for payment to the person, the payment must be made by a government department specified in the regulations (instead of by the person making the appointment).
- (11B) Regulations may provide that, where a person authorised to manage a child trust fund by virtue of subsection (10) ceases to be so authorised, the person must provide any information held by that person in connection with the management of the fund to the person (if any) who becomes authorised by virtue of that subsection to manage the trust fund instead.]
- (12) Where a contract is entered into by or on behalf of a child who is 16 or over in connection with a child trust fund—
- (a) held by the child, or
 - (b) held by another child in relation to whom the child has parental responsibility, the contract has effect as if the child had been 18 or over when it was entered into.

Textual Amendments

- F1** Words in s. 3(4)(d) inserted (26.3.2015 for specified purposes) by [Deregulation Act 2015 \(c. 20\)](#), **ss. 62(4), 115(2)(d)**
- F2** [S. 3\(6\)\(a\)\(b\)](#) substituted (26.5.2015) by [Deregulation Act 2015 \(c. 20\)](#), **ss. 61(2), 115(3)(f)**
- F3** Words in [s. 3\(8\)](#) omitted (26.5.2015) by virtue of [Deregulation Act 2015 \(c. 20\)](#), **ss. 61(3), 115(3)(f)**
- F4** Words in [s. 3\(10\)](#) omitted (26.5.2015) by virtue of [Deregulation Act 2015 \(c. 20\)](#), **ss. 61(4), 115(3)(f)**
- F5** Words in [s. 3\(10\)](#) substituted (26.5.2015) by [Deregulation Act 2015 \(c. 20\)](#), **ss. 60(2), 115(3)(f)**
- F6** [S. 3\(11A\)\(11B\)](#) inserted (26.5.2015) by [Deregulation Act 2015 \(c. 20\)](#), **ss. 60(3), 115(3)(f)**

Changes to legislation: *There are currently no known outstanding effects for the Child Trust Funds Act 2004, Section 3. (See end of Document for details)*

Commencement Information

- I1** S. 3(1)(3) in force at 1.1.2005 for specified purposes by [S.I. 2004/2422](#), **art. 2**
- I2** S. 3(1)-(9) (12) in force at 6.4.2005 in so far as not already in force by [S.I. 2004/3369](#), **art. 2(1)(2)(4)**
- I3** S. 3(2) s. 3(4)-(9) (12) in force at 1.1.2005 for specified purposes by [S.I. 2004/2422](#), **art. 2**
- I4** S. 3(10)(11) in force at 6.4.2005 by [S.I. 2004/3369](#), **art. 2(1)**

Changes to legislation:

There are currently no known outstanding effects for the Child Trust Funds Act 2004, Section 3.