

## Client Money Handling Procedures

Adair Paxton Ltd is committed to complying with the RICS professional statement 'Client Money Handling' 1<sup>st</sup> edition, October 2019.

We shall ensure that:

- Our client's money is kept safe
- Our client money accounts are used for appropriate purposes only
- We have the appropriate controls and procedures in place to safeguard our clients' money.

Our aim is to ensure that clients' money is protected on their behalf, at all times and in particular, in the following circumstances:

- Insolvency
- Misappropriation by any party
- Transfer of client money to another organisation

Should clients' money be misappropriated, we will inform the affected client, our governing body, the RICS, our insurers and where appropriate, the police.

Adair Paxton Ltd are registered with the RICS Client Money Protection Scheme.

## Holding Client Money

- All client money is held in client accounts over which Adair Paxton Ltd has exclusive control at a bank authorised by the Prudential Regulatory Authority (PRA), the Bank of England and the Financial Conduct Authority (the FCA) in England
- We ensure that all the client money accounts do not contain any sums other than the whole or any part of client monies paid into them, or any sums needed to replace money that has been withdrawn from the account by error, with accrued interest on such amounts
- We do not hold office money in our client accounts unless it is a receipt of mixed monies where the office money is awaiting transfer
- We ensure that all our client money accounts include the word 'client' (written in full) and the name of the firm in the title of the account, and that discrete client money accounts include an identifier (e.g. the client or property name) in the title of the account to easily distinguish it from the other accounts
- All the money held in the client accounts is immediately available even at the sacrifice of interest, unless other arrangements are in the best interests of the client and the client has given his express instructions in writing
- Where the client has given instructions to hold monies in a high interest account with penalties for instant access, penalties are only paid out of the client account if the client has provided specific informed consent and this will not result in an overdrawn balance – otherwise the bank must be instructed that penalties are to be applied to the office account
- We will confirm the bank operating conditions in writing with the bank that holds the client money accounts, including acknowledgment from the bank that monies in the client money accounts will not be combined with or transferred to any other account(s) maintained by Adair Paxton Ltd – the bank is not entitled to exercise and set-off or counterclaim against money in a client account for any sum owed to it for any other account of Adair Paxton Ltd.
- We will ensure that where a client requests that money is held in an account to which it and Adair Paxton Ltd has access, that such a bank account is set up by the client, and is not an Adair Paxton Ltd bank account.
- We hold and maintain professional indemnity insurance cover that is appropriate for the size, income, type of work and the amount of client money held

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[www.adairpaxton.co.uk](http://www.adairpaxton.co.uk)

## **Information To Clients**

Adair Paxton Ltd will provide the following information to clients in writing:

- Confirmation that client money will be held in a client money account including bank account details and confirmation that Adair Paxton Ltd has exclusive control over the client money and whether the account is in the name of Adair Paxton Ltd, a wholly owned subsidiary or an appropriately contracted third-party transaction provider
- We will disclose all commissions earned by Adair Paxton Ltd while managing their property
- We will advise how unidentified funds are dealt with
- We will provide a copy of our client money handling procedures

## **Receipts Of Client Money**

In relation to receipts of client money, Adair Paxton Ltd ensure that:

- All client's money is banked within three working days
- Unbanked cheques and cash are held securely
- All cash and cheques received by post or by hand are promptly recorded
- That when mixed monies are received, the receipt is paid into a client money account and the office money is transferred into the office account promptly
- That where client instructions are to hold only part of a payment the whole payment is placed into a client money account before transferring the relevant part out promptly
- We will always account for interest or other benefit accruing from client money to the client, unless otherwise agreed with the client in writing
- We will take prompt action to attempt to identify the owner of any unidentified client money received and pay this from a client money account to a registered charity where the owner cannot be identified after three years from receipt and all avenues of investigation have been exhausted
- We will obtain a receipt and an indemnity for all client money paid to a registered charity that would reimburse Adair Paxton Ltd for payment of the monies if a beneficiary is subsequently identified

## **Payments Made From Client Accounts**

In relation to payments from the client accounts, Adair Paxton Ltd ensure that:

- We use each client's money only for that client's matters
- Client money is returned to the client immediately as soon as there is no longer any reason to retain those funds, and any further payments received (e.g. by refund) are paid to the client immediately
- All payments from client accounts are made to or on behalf of a client and on that client's written instructions or as agreed in the management agreement
- When fees are due and payable, unless the client has given written authorisation for deduction of agreed fees without prior notification, send an invoice or other written notification of the costs incurred to the client before withdrawing money from a client money account for payment of the firm's fees, and then transfer those monies out of the client account promptly
- We check that sufficient funds are held for the relevant client before making payments on their behalf
- We obtain written permission from clients for any direct debits and standing orders on general and discrete client bank accounts
- We obtain written agreement from the client before bank costs are recharged to client bank accounts

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## Accounting Records And General Controls

In relation to accounting records and general controls, Adair Paxton Ltd ensure that:

- We maintain a central list of client bank accounts
- We use suitable software packages to manage client money effectively
- We keep records and accounts that show all dealings with the client money and demonstrate that all client money held by Adair Paxton Ltd is held in a client money account
- We have appropriate systems, procedures and controls to ensure payments into and transfers or withdrawals from a client account are in accordance with instructions agreed with the client
- We have software in place which identifies all receipts and payments to the client to which they relate; for example, by means of client ledgers showing cash balances held on behalf of clients at all times
- We complete regular client bank account reconciliations which are approved by a Director or appropriately senior staff member
- We ensure client accounting records, including copies of reconciliations, are kept securely for at least six years plus the current year
- Accounting records and systems are appropriate to the nature and volumes of client account transactions;
- Systems identify all receipts and payments to the client to which they relate; for example, by means of client ledgers showing cash balances held on behalf clients at all times
- Accounting records are completed chronologically and promptly
- The current balances at the total and client level are always available
- All ledgers have the client name and an appropriate description, e.g. the property address
- We publish written procedures for handling client money on the firm's website and provide a copy of these to the RICS or to any person who may reasonably require a copy free of charge
- Overdrawn balances are prevented by systems and controls, and if these do occur, we investigate and rectify them immediately
- We control and protect accounting systems and client data and adequately protect computer systems for access, firewalls, back-ups and disaster recovery
- Adequate authorisation and supervision procedures are in place for payments made by cheque, bank transfer and electronic methods
- Blank cheques are not signed, and unused cheques are kept securely
- Effective controls are in place over setting up of new supplier accounts on our accounting systems
- Cash payments are avoided wherever possible
- We employ competent and knowledgeable personnel who are responsible for processing clients' money and who are familiar with RICS rules and regulations
- We ensure that there is adequate cover for holiday and long-term absence
- We ensure that Directors or senior management cannot and do not override controls surrounding the accounting systems
- We ensure that all departments apply the same level of controls in relation to the client accounting function
- We ensure that only appropriate personnel, independent of accounting personnel open incoming post
- We ensure that employees have clear segregation of duties and responsibilities and that at least one Director oversees the client accounting function

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## Compliance

In relation to compliance, Adair Paxton Ltd ensure:

- Compliance is met with all anti-money laundering legislation, rules and regulations for all receipts of client money
- Compliance with the mandatory requirements of the latest edition of the RICS professional statement 'Countering bribery and corruption, money laundering and terrorist financing'
- Any certification required under legislation currently in force is obtained and any requirements in the legislation for display or publication are followed
- That any breach of these requirements is investigated and remedied promptly on discovery, including the replacement of any money improperly withheld or withdrawn from a client account
- We record any breach of the mandatory requirements of this professional statement in writing in sufficient detail including any consideration of whether to inform the RICS and any client affected by the breach
- That we inform RICS, the client and the insurers if client money is misappropriated by any person

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