



Bagshaws Client Money Handling Procedures

Revised July 2020

Overview

RICS Rules of Conduct for Firms states: 'A firm shall preserve the security of clients' money entrusted to its care in the course of its practice or business.'

Under these guidelines, Bagshaws will ensure;

- client money is kept safe
- client money accounts are used for appropriate purposes only and
- have the appropriate controls and procedures to safeguard client money.

Client bank accounts

- all client money is held in a client money account over which Bagshaws has exclusive control.
- the client money account does not contain any sums other than the whole or any part of client money paid into it, or any sums needed to replace money that has been withdrawn from the account by error, with accrued interest on such amounts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 a client money account unless it is a receipt of mixed monies where the office money is awaiting transfer
- all client accounts, are specified as such by the word 'client' in the account name.
- we will ensure that money held in a client account is immediately, unless other arrangements are in the best interests of the client and the client has given express instructions in writing
- confirm the bank operating conditions in writing with the bank that holds the client money account, including acknowledgment from the bank that monies in the client money account will not be combined with or transferred to any other account maintained by the firm - the bank is not entitled to exercise any set-off or counterclaim against money in that client money account for any sum owed to it for any other account of the firm
- Any unidentified money in the clients' account will be kept securely, investigated immediately, to ensure the monies are returned. If unclaimed in three years, the monies will be moved to the company charity account.

Receipt of client money

- only a Partner or appropriate staff independent of accounting staff open incoming post.
- we ensure all client money received is paid into a client money account within 48 hours.
- ensure 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 within 5 working days
- ensure 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 within 5 working days
- account for interest or other benefits accruing from client money to the client, unless otherwise agreed with the client in writing
- obtain a receipt and an indemnity for all client money paid to a registered charity that would reimburse the firm for payment of the monies if a beneficiary is subsequently identified.
- all cash and cheques received by post or by hand are promptly recorded.
- a record between money received by post and that day's banking is maintained.
- procedures exist to identify and distinguish between clients' and office money.
- fees received in advance for professional work not yet billed are paid into a client account pending completion of the work.
- duplicate receipts are issued for cash received and controls over the physical security of cash are effective.
- unbanked client money receipts are kept secure within an office safe.

Payments from client account

In relation to payments from the client account, Bagshaws will:

- use each client's money only for that client's matters
- ensure that client money is returned to the client 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.
- ensure all payments from client money 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
- check that sufficient funds are held for the relevant client before making any payments on their behalf

- obtain written permission from clients for any direct debits and standing orders on general and discrete client bank accounts

Accounting records and controls:

- keep records and accounts that show all dealings with the client money and demonstrate that all client money held by the firm is held in a client money account
- 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
- complete regular (weekly and monthly) client bank account reconciliations which are reviewed by a Partner and/or Company Accountant.
- ensure that overdrawn balances are prevented by the Company's systems and controls, and if these do occur investigate and rectify them immediately
- has an IT security policy and data protection policy (including a disaster recovery programme) to protect client information.
- Bagshaws use a suitable software package to manage client money effectively.
- our systems provide details of all money received into and paid from all client accounts and show a running balance of all client money held in that account.
- our systems identify all receipts and payments to the client to which they relate,
- all ledgers have the client name and an appropriate narrative, e.g. the property address.
- a central list of client bank accounts is maintained.
- client accounting records, including copies of reconciliations, are securely kept for at least six years plus the current year.

Compliance

Bagshaws are supervised by the HMRC for anti-money laundering in relation to Estate Agency;

- We ensure compliance with all anti-money laundering legislation, rules and regulations for all receipts of client money, this includes carrying out appropriate due diligence
- a copy of the bank mandate is held and is up to date.
- adequate authorisation and supervision procedures are in place for payments made by cheque, bank transfer and electronic methods.
- all payment requests have supporting evidence and that documentation has been authorised in advance by a Partner.
- blank cheques are not signed, and unused cheques are kept securely.
- effective controls are in place over the setting up of new supplier accounts on the system.

- cash payments are not accepted.

Client money handling

Bagshaws ensure;

- the CMP certificate displayed in each office and on the Company website
- should misappropriation occur, client funds would be replaced immediately and the RICS and any client affected by the breach would be informed.
- inform RICS, the client and the insurers of the RICS-regulated firm immediately if client money is misappropriated by any person.

Requirements for employees;

Bagshaws ensure employees;

- are regularly trained in AML
- ensure compliance with all anti-money laundering legislation, rules and regulations for all receipts of client money by regular internal audit
- follow all procedures for handling client money
- do not override any controls in place to protect client money
- make appropriate disclosures to a Partner immediately if they become aware of any risk of or actual misappropriation of client money and to keep a written record of that disclosure.
- are aware of the Anti-corruption and bribery policy in place



This is to certify that

Bagshaws LLP (000345)

**Is a member of the RICS Client Money
Protection Scheme**

For valid claims, the customers of scheme members will have access to Client Money Protection with the following claims limitations:

- an annual aggregate limit of up to £10,300,000 million, in addition to;
- an annual aggregate limit of £10,000,000 specifically ringfenced for the activities of a "letting agent" or a "property manager" as defined in the Housing and Planning Act, 2016; and,
- a claims limit of £50,000 per valid claim.

Exclusions and limitations to the scheme can be found on www.rics.org/clientmoneyprotectionscheme.

Executive Director for the
Profession