

Client Money Handling Procedure

Parrys Rentals (Abergavenny) LLP – 21 Nevill Street, Abergavenny, Monmouthshire NP7 5AA. Registration Number: OC314727.

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1. Purpose and scope

This procedure sets out how Parrys Rentals (Abergavenny) LLP receives, holds, records, transfers, reconciles and protects client money in connection with its lettings and property management activities. It is intended to support compliance with the RICS Client Money Handling professional statement, 1st edition, October 2019, effective from 1 January 2020, and with the firm's Client Money Protection Scheme arrangements through the Royal Institution of Chartered Surveyors.

This procedure applies to all partners, employees, consultants and any other person who receives, handles, records, authorises, reconciles or has access to client money or client accounting records on behalf of the firm.

2. Definition of client money

Client money is money of any currency that the firm holds or receives on behalf of another person or entity in the course of its regulated activities. For Parrys Rentals (Abergavenny) LLP, this may include rent received from contract holders, deposits where held by the firm, landlord float or reserve funds, maintenance monies, insurance or claim receipts, refunds, housing benefit or other public authority payments, and any other sums held pending payment to a landlord, contractor, tenant, contract holder, public body or other third party.

3. Core principles

- Client money must be kept separate from the firm's own money.
- Client money must be held in a designated client bank account under the control of the firm.
- Client money must be used only for the purpose for which it is held and must be paid to the person properly entitled to it.
- The firm must maintain accurate, up-to-date accounting records showing all client money received, held and paid out.

- Bank reconciliations and client ledger reconciliations must be completed regularly and reviewed by an appropriate senior person.
- Clients must be given clear information about how their money is held and when payments and statements will be issued.
- Any unidentified, duplicate, overpaid or disputed funds must be investigated promptly and safeguarded until resolved.

4. Client bank accounts

All client money must be paid promptly into the appropriate designated client bank account held with Handelsbanken Plc in the name of Parrys Rentals (Abergavenny) LLP and clearly designated as client money. Rent payments received from tenants or contract holders must be paid into the designated account titled “client account”. Tenancy deposits received from tenants or contract holders must be paid into the separate designated account titled “client deposit account”. Each account must be clearly identified as a client account and must be held separately from the firm’s office money.

Tenancy deposits held in the client deposit account are protected through the Tenancy Deposit Scheme Insured scheme, and the firm must ensure that all relevant scheme requirements and statutory time limits are complied with.

The firm must obtain and retain written confirmation from the bank for each designated client account that the account is a client account, that the bank has no right of set-off against the firm’s own liabilities, and that the money in the account is held for clients and not for the firm.

No interest is applied to either the designated client account or the designated client deposit account. Accordingly, no interest is calculated, credited, retained or paid to clients, landlords, tenants or contract holders in respect of monies held in these accounts.

5. Receipt of client money

Client money must be banked promptly into the appropriate designated client account. Rent receipts must be paid into the “client account” and tenancy deposit receipts must be paid into the “client deposit account”. Receipts must be recorded on the accounting system as soon as reasonably practicable and allocated to the correct landlord, property, tenancy, contract holder or other client ledger.

All tenancy deposits paid by tenants or contract holders are protected using the Tenancy Deposit Scheme Insured scheme. Tenancy deposits must also be handled in accordance with the applicable tenancy deposit protection requirements, including the statutory scheme rules, prescribed information requirements and related time limits.

Where a contract holder pays by standing order or bank transfer, the payment must be checked against the relevant rent schedule and allocated to the correct client ledger.

Where a contract holder chooses to pay by another method, including cheque, the firm will process the payment in accordance with this procedure. The firm cannot force a contract holder to pay by standing order where another lawful payment method is used.

Cheque receipts must be recorded when received, banked promptly, and treated as uncleared until cleared funds are received. Payments to landlords must not be made

from uncleared funds unless specifically approved by a partner and supported by sufficient cleared client funds properly available for that client.

6. Payments to landlords and statements of account

Monthly statements of account will be sent to landlord clients within 7 days after receipt of cleared funds. Payments will be made to the landlord's nominated bank or building society account, less the firm's agreed fees and expenses as set out in the relevant agency terms of business or management agreement.

Before making any landlord payment, the firm must check that the funds have cleared, the payment is supported by the client ledger, any deductions are authorised by the terms of business or other client instruction, and the landlord's nominated account details have been verified.

7. Changes to landlord bank account details

If a landlord requests a change to the bank or building society account used for payment of rental income or other client money, the landlord must confirm the request in writing and provide a copy of a bank statement showing the landlord's name and address. The firm cannot accept a change of bank account details by telephone alone. Where a request is received by email, a team member must contact the landlord using an existing verified telephone number held on the firm's records, not a telephone number supplied in the change request, to verify that the request is genuine before any account details are amended or any payment is made.

Where the landlord does not have an email address, they must provide the written instruction in person or by post and supply a copy of the new bank statement showing their name and address. The account change must be recorded on the landlord's file, together with evidence of the verification completed.

8. Fees, expenses and mixed monies

The firm's fees, commission and reimbursable expenses may be deducted from client money only where permitted by the client agreement, terms of business, invoice, written client instruction or other proper authority. Once the firm's entitlement to fees or expenses has arisen, those sums must be transferred from the client account to the office account promptly.

If a receipt contains both client money and office money, the full amount must initially be paid into the client account unless it is clear and practicable to split the receipt at source. Any office money element must then be transferred promptly to the office account once identified and authorised.

Any bank charges, account fees or transaction charges relating to the operation of the firm's banking arrangements are charged to and paid from the Parrys Rentals office account. Bank charges must not be deducted from, or applied against, the designated client account or the designated client deposit account.

9. DWP, Housing Benefit and public authority overpayments

Where the firm receives notice of an overpayment claim from the Department for Work and Pensions, a Local Authority Housing Benefit department, or any other Local or National Government Department, the claim must be reviewed promptly and recorded on the relevant client ledger and case file.

If repayment is required and the firm makes repayment from funds it holds or has received, the landlord client will compensate the firm within 14 days of a statement of account from the firm for all claim costs and expenses incurred as a result of repayments made to the Department for Work and Pensions, Local Authority Housing Benefit, or any other Local or National Government Department in respect of overpaid housing benefit, where this is provided for in the agency terms of business.

The firm must retain supporting evidence of the overpayment claim, any correspondence, the repayment made, the statement issued to the landlord, and any recovery or reimbursement received.

10. Authorisation of payments

Payments from client accounts may only be made by authorised persons. The firm must maintain an up-to-date list of authorised signatories and online banking users, including their permission levels. Access must be removed promptly when an individual leaves the firm or no longer requires access.

All payments must be supported by appropriate documentation, such as rent schedules, contractor invoices, landlord instructions, tenancy records, statements of account or other evidence of entitlement. Bank account details for new payees or changes to existing payee details must be independently checked before payment is made.

11. Accounting records and reconciliations

The firm must keep accounting records that show all client money received, held and paid out. Records must include the date, amount, payer, payee, property, landlord, contract holder or other relevant client reference, purpose of the transaction, and the ledger to which the transaction relates.

A three-way reconciliation between each client bank account, the client cashbook and the individual client ledgers must be completed at least monthly and must be reviewed by a partner or other appropriately senior person. Any differences must be investigated and corrected promptly.

Client ledgers must not be allowed to become overdrawn. If an overdrawn ledger is identified, the cause must be investigated immediately and corrective action taken without delay.

12. Unidentified and surplus funds

Unidentified funds must be investigated promptly. The firm must take reasonable steps to identify the payer, the property, the landlord, the contract holder and the purpose of the payment. If the source can be identified but the money is not due to the firm or its client, it must be returned to the correct person where lawful and practicable.

Where unidentified or surplus client money remains after all reasonable tracing steps have been taken, it must be held securely in the client account. If it remains unclaimed for at least three years, the firm may donate it to a registered charity, provided that appropriate records are retained and an indemnity is obtained from the charity where available so that a genuine claimant can be reimbursed if they later come forward.

13. Client information and published procedure

The firm must provide clients with clear information about how client money is held, the bank account arrangements, whether interest is payable, how fees and expenses are deducted, how often statements will be issued, and how concerns or complaints about client money may be raised.

A version of this procedure suitable for clients and the public should be made available on request and, where required, published by the firm. Any published version may omit confidential operational details such as internal bank permissions, security controls and staff names.

14. Controls, training and oversight

All staff involved in client money handling must receive appropriate training on this procedure, the importance of protecting client money, fraud prevention, payment authorisation, record keeping and escalation of concerns. Training must be refreshed when procedures change or when a role requires additional client accounting responsibilities.

Vivienne Reece, Associate Member of RICS, is the nominated responsible person for oversight of client money compliance. The nominated responsible person is responsible for ensuring reconciliations are completed, reviewing exceptions, maintaining this procedure, and arranging any required reporting to RICS or the firm's Client Money Protection Scheme provider.

15. Breaches, errors and fraud response

Any suspected or actual breach involving client money, including a shortfall, misallocation, fraud, attempted fraud, incorrect payment, overdrawn client ledger or failure to follow this procedure, must be reported immediately to a partner or nominated senior person.

The firm must take prompt steps to protect client money, stop any further loss, investigate the issue, correct accounting records, notify affected clients where appropriate, and make any required notification to RICS, insurers, the bank, law enforcement, the Client Money Protection Scheme provider or any other relevant body.

16. Record retention

The firm must retain client money records, bank statements, reconciliations, ledgers, statements of account, invoices, payment approvals, client instructions, overpayment claim evidence and related correspondence for the period required by law, regulation, the firm's professional obligations and its internal retention policy.

17. Review and approval

This procedure must be reviewed at least annually and whenever there is a material change to RICS requirements, legislation, Client Money Protection Scheme rules, banking arrangements, accounting systems, staffing responsibilities or the firm's terms of business.