

Interest Policy

Rule 7: Payment of interest

- 7.1 You account to clients or third parties for a fair sum of interest on any client money held by you on their behalf.
- 7.2 You may by a written agreement come to a different arrangement with the client or the third party for whom the money is held as to the payment of interest, but you must provide sufficient information to enable them to give informed consent.



Common Questions

- What if I don't receive interest on my client account?
- What if I want to put it in my T&C that I don't pay interest?
- What's fair and reasonable?

What does good look like?

- Defines when interest is paid.
- Any clearance time.
- De minimis figure.
- Whose responsibility it is to notify the relevant tax authority of the gross payment.
- If the calculation is compounded.
- Multiple matters for the same client/related matters.
- Negative interest.

Banking Facility

3.3 You must not use a client account to provide banking facilities to clients or third parties. Payments into, and transfers or withdrawals from a client account must be in respect of the delivery by you of regulated services.



Banking Facilities

- **Question One**

- Are you authorised by your regulator to conduct this type of work?

Banking Facilities

- **Question Two**

- Is it a reserved legal activity as defined by Section 12 of the Legal Services Act 2007?

Meaning of “reserved legal activity” and “legal activity”

- (1) In this Act “reserved legal activity” means—
- (a) the exercise of a right of audience;
 - (b) the conduct of litigation;
 - (c) reserved instrument activities;
 - (d) probate activities;
 - (e) notarial activities;
 - (f) the administration of oaths.



Banking Facilities

- **Question Three**

- Did you send a retainer letter that made it clear as to what the underlying legal transaction was?



Banking Facility

- **Question Four**

- Were all the payments and receipts on the matter in line with your retainer letter?




Banking Facilities

- **Question Five**

- Is this type of work governed by any other regulator and/or government organisation?



The Law
Society



OPG's first clarification is that we have no objection in principle to use of general client accounts as a temporary or holding position prior to deputies setting up segregated client accounts or separate bank accounts as expected, to manage ongoing transactions. Solicitor deputies are reminded that there are factors other than the SARs that they may wish to consider.

The first is that in addition to [SRA](#) requirements, OPG will need to be satisfied that deputies have proper safeguards in place to protect deputyship funds. Deputies act under the authority of the court on behalf of vulnerable people, and extra care may need to be taken around who can authorise payments from deputyship funds.

Setting up a separate bank account for a deputyship with named signatories may be simpler in practice. Secondly, a deputy has a general duty to act in the incapacitated person's best interests, which can include managing their funds to gain the best return. There will be cases where large balances in a client account will not represent the best investment strategy for a client.

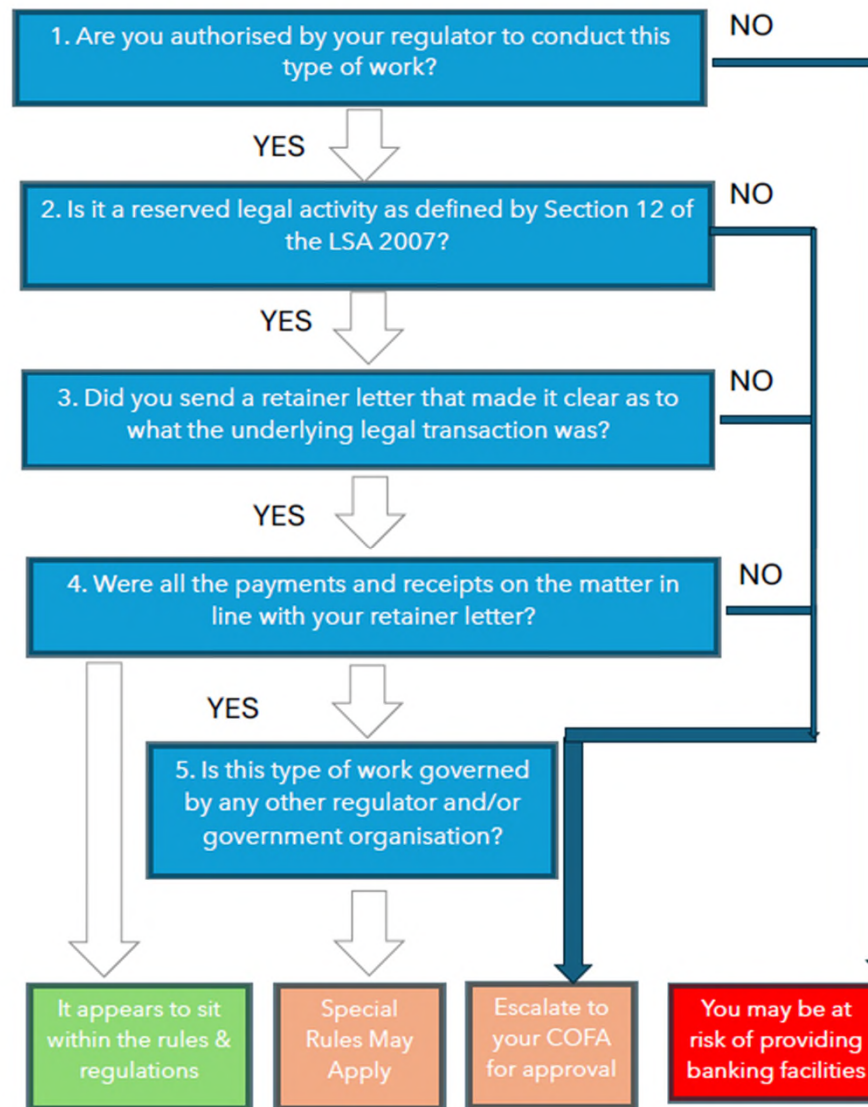
In these cases OPG will question the appropriateness of keeping significant excess funds in this way.

Professional deputies are reminded of OPG's [standards for professional deputies](#).

Standard 1a (9) states:

“ Open a deputyship account in the client's name with the deputy named as such on the account. Ensure that all funds held for the client are held in accounts and/or

Banking Facilities – General Rules



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Written Notification

4.3 Where you are holding client money and some or all of that money will be used to pay your costs:

- (a) you must give a bill of costs, or other written notification of the costs incurred, to the client or the paying party;
- (b) this must be done before you transfer any client money from a client account to make the payment; and
- (c) any such payment must be for the specific sum identified in the bill of costs, or other written notification of the costs incurred, and covered by the amount held for the particular client or third party.

Types of written notification

- Cost update letter
- Estate account
- Completion statement
- VAT Invoice
- Proforma [use with caution]