Client Money Handling Procedures

1. Introduction and Scope

This document sets out the policies and procedures of Adelaide Jones & Co Ltd for handling client money. The firm is regulated by the Royal Institution of Chartered Surveyors (RICS) and adheres to the RICS Professional Statement 'Client Money Handling, 1st Edition' (reissued October 2022)

These procedures are also designed to ensure compliance with The Property Institute (TPI) Consumer Charter and Standards. In the event of any conflict between this professional standard and the RICS Client Money Protection Scheme Rules, the Scheme Rules will take precedence.

This policy applies to all partners, directors, and employees of the firm who handle or are responsible for client money.

2. Definition of Client Money

For the purpose of this policy, Client Money is defined as money of any currency, whether in the form of cash, cheque, draft, or electronic transfer, that:

- An RICS regulated firm holds for or receives on behalf of another person, including money held by a regulated firm as a stakeholder; and
- Is not immediately due and payable on demand to the RICS regulated firm for its own account.

This definition specifically excludes fees paid in advance for professional work to be performed, unless those fees are for work undertaken as a property agent as defined by the RICS Client Money Protection Scheme Rules for Property Agents.

3. Client Bank Accounts

All client money is held in clearly designated client bank accounts, separate from the firm's own office and operational accounts, at a bank or building society authorised by the relevant banking regulatory body.

3.1 Types of Accounts

- Undesignated (Pooled/ General) Client Account: A client bank account that holds client money for more than one client. The firm maintains a separate ledger for each client to segregate their funds within the pooled/ general account.
- Discrete Client Account: A dedicated bank account set up to hold client money for a single client. The account title incorporates the client's name or property name. Where practical, the term "client account" is included in the title

3.2 Banking Institutions

Client accounts are held with a UK banking institution that is regulated and authorised by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

3.3 Exclusive Control

The firm has exclusive control over all client money accounts. The banking provider is not able to use the funds to settle any sums owed to it by the firm or exercise any right of set-off or counterclaim against client funds. The firm obtains a letter from the bank, commonly known as a 'bank operating conditions letter', confirming these arrangements.

3.4 Third-Party Transaction Service Providers (TPTSPs)

If the firm uses a TPTSP to process client money payments and receipts, it will ensure compliance with RICS guidance. The firm will:

- Maintain exclusive control of client money and transactions.
- Communicate to clients in writing the use of a TPTSP, including details of how it operates, how funds move, and any associated fees or charges.
- Ensure that up-to-date balances and reconciliation information are accessible and can be provided to clients upon request.

4. Receipt and Banking of Client Money

- Prompt Banking: All client money received is deposited into an appropriate client bank account promptly, on the day of receipt where possible, and no later than the next working day.
- Recording: All receipts are recorded promptly and accurately on the firm's accounting system and allocated to the correct client ledger.
- Cash: The firm does not accept cash payments.
- Cheques: All cheques received are logged on the day of receipt and banked within a maximum of two to five working days.
- Unidentified Funds: If a payment is received and cannot be immediately identified, it will be credited to a suspense account. The firm will take all reasonable steps to identify the owner. If the owner cannot be identified after three months, and if the originator's details are present, the funds may be returned. After three years, in accordance with RICS guidance, funds may be donated to a registered charity, with a receipt obtained and an indemnity to reimburse the firm if a beneficiary is later identified.

5. Payments from a Client Account

- Authorisation: A withdrawal from a client account can only be made after specific authority has been approved by an authorised signatory in accordance with the bank mandate or the firm's procedures.
- Segregation of Duties: The firm maintains a segregation of duties in the client accounting function, including dual authorisation for the creation and approval of payments. Electronic banking access is restricted to senior accounting staff and signatories.
- Supporting Evidence: All payment requests must be accompanied by supporting evidence (e.g., an approved invoice or client instruction) that has been checked and authorised.
- Purpose: Client money is only used for the specific purpose for which it was provided and will not be used to settle the firm's fees or liabilities without the client's prior written consent.

6. Interest and Bank Charges

- Discrete Client Account: Interest earned on a discrete client account will be credited to that client's account unless otherwise agreed in writing. Bank charges and fees associated with the operation of a discrete client account are charged to that client's account.
- Undesignated (Pooled/ General) Client Account: The firm may retain any interest earned on pooled/ general client accounts to offset general bank charges and administrative costs associated with operating the account.
- Transparency: The firm will provide clear information to clients regarding the handling of interest and charges when first engaging the client.

7. Reconciliations and Record-Keeping

- Reconciliation: Client accounts are reconciled at least monthly using a three-way reconciliation process: agreeing the balance on the bank statement with the cash book and the individual client ledgers.
- Review: All reconciliation statements are reviewed and signed off by an authorised individual.
- Record Keeping: The firm keeps full and accurate records of all dealings with client money. All accounting records and supporting documentation are securely retained for a minimum of six years.

8. Client Money Protection

Adelaide Jones & Co Ltd is a member of the RICS Client Money Protection Scheme (CMP). This scheme provides clients with a route for reclaiming lost funds in the event of financial loss due to the misappropriation of client money by the firm or its staff.

9. Breach Reporting and Compliance Monitoring

- Internal Audits: The firm conducts periodic internal audits of its client money handling systems to verify ongoing compliance with RICS regulations.
- Breach Reporting: Any breaches or discrepancies identified are reported immediately to senior management, investigated, and rectified without delay. Material breaches are reported to RICS in accordance with the Professional Statement requirements.
- Review: This policy is reviewed annually or following any updates to RICS regulations or TPI standards.

10. Client Information and Transparency

- Client Reporting: Clients receive clear and timely reports showing the transactions, receipts, and balances of their funds. Rent and service charge statements are provided in the agreed format and timeline.
- Transparency: This document is available to all clients, and a copy is available to any person that may reasonably request it