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*Reviewed:* JCD
*Approved by:* RLC

Stephensons Group which includes

StephensonsRural LLP (inc BoultonCooper)

Stephensons Estate Agents LLP

York Auction Centre LLP

# Client Money Handling Procedure

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## 1. Purpose

This document sets out the procedures for handling client money to ensure compliance with the RICS Client Money Protection Scheme Rules, the Landlord and Tenant Act 1985, UK regulatory requirements, and best practice standards. Its purpose is to protect client money, maintain public trust, and mitigate the risk of fraud or misuse.

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## 2. Scope

This procedure applies to all staff involved in the receipt, handling, processing, and disbursement of client money within the Stephensons group.

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## 3. Definition of Client Money

Client money is defined by RICS as money of any currency that:

- Belongs to a client;
- Is held on behalf of a client;
- Includes rent, deposits, service charges, reserve funds, fees paid in advance or auction proceeds (not including Livestock)

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## 4. Key Principles

In accordance with RICS regulations, the following principles must be observed:

- Client money must be held in a designated client account.

- Funds must not be used for personal or business use.
- Reconciliations must be conducted regularly.
- Client money must be available on demand.

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## 5. Client Bank Accounts

- All client money must be held in a client money bank account with a UK bank authorised by the Financial Conduct Authority (FCA).
- Accounts must be titled clearly as client money accounts, for example: "XYZ Ltd – Client Account".
- Mixed-use accounts are prohibited unless explicitly permitted by the client and compliant with RICS rules.

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## 6. Receiving Client Money

- All client money must be banked within three working days of receipt.
- Staff must issue receipts upon receiving money in person.
- Payments by BACS, CHAPS, standing order or direct debit must be recorded upon receipt.

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## 7. Payment of Client Money

- Payments may only be made from client accounts for legitimate business purposes as such as paying contractors, transferring rent to landlords, refunding deposits or paying auction proceeds.
- Client instructions must be obtained and documented before disbursing funds.

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## 8. Accounting Records

- Accurate and complete accounting records must be maintained for all client money transactions.
- Each client must have an individual ledger or sub-account.
- Records must be retained for at least 6 years and be available for RICS inspection.

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## 9. Reconciliations

- Bank reconciliations must be conducted at least once every calendar month.
- The reconciliation process must include:
    - The bank balance;
    - The book balance of the client ledger;
    - An explanation of any differences.
- A senior person not involved in processing payments must review and approve reconciliations.

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## 10. Internal Controls & Segregation of Duties

- Duties related to client money handling (receipt, recording, and disbursement) must be segregated wherever practical.
- Access to online banking must be restricted to authorised personnel only.
- Regular audits must be conducted internally and externally.

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## 11. Interest on Client Money

- Interest earned on client money may be retained or passed on depending on the terms of the client agreement.
- The firm must disclose its interest policy in writing to clients.

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## 12. Client Money Protection Scheme

- The Stephensons group are members of the RICS Client Money Protection Scheme.
- A valid certificate of membership is displayed in office premises and available on the website.
- Clients must be informed of the protection scheme at the start of the engagement.

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## 13. Reporting and Breaches

- Any suspected or actual breach of this procedure or RICS rules must be reported immediately to the designated compliance officer.

- Serious breaches may be reported to RICS Regulation directly.

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## 14. Training and Review

- All relevant staff must undergo client money handling training annually.
- This policy is reviewed at least once a year or upon changes in legislation or RICS rules.

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## 15. Contacts

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- RICS Regulation: regulation@rics.org | 024 7686 8555