



## **Client Account Interest Rate and Financial Compensation Policy November 2019 v4**

- Key points – this Policy seeks to pay interest to Clients where it is fair and reasonable.
- Interest will only be paid to on cleared funds and where interest exceeds £20
- Interest will be paid currently at 0.1% although special rates apply for Probate matters.
- Clients can request that we transfer significant sums (over £50,000) into a separately designated Client account if you wish.
- If the bank in which we hold funds fail compensation of up to £85,000 can be claimed.
- If you believe interest paid to you is insufficient you can have the matter reviewed by our Complaint Partner.



## **Client Account Interest Rate and Financial Compensation Policy**

### **1. Background and reason for Policy**

The Solicitors Accounts Rules 2019 and the SRA Standards and Regulations 2019 require our Firm to have a Policy that is fair and reasonable for both the Client and the Firm in respect of interest that is payable on client monies held by the Firm. The Solicitors Act 1974 permits Solicitors Firms to retain any interest earned on Client account held in a Client account over and above that which is required to be paid in accordance with the Solicitors Accounts Rules.

Where money is held in Client account interest must be accounted to the Client when it is fair and reasonable to do so in all the circumstances. Solicitors firms must have a written Policy on the payment of interest and this Policy is the current Policy of Martin Tolhurst LLP.

### **2. The Terms of the Policy.**

#### **Our Bank**

When we receive monies on behalf of a Client it would be paid into a general Client account that we hold with National Westminster Bank plc, part of the RBS Group. This general Client Bank Account will hold all Client account monies held by the Firm on behalf of its Clients. These funds are held on the basis that they are instantly accessible in order to facilitate a transaction or payment for a Client or in respect of a Client matter. Our general Client account monies are held with National Westminster Bank plc in an instant access deposit account. Clients are unlikely to receive as much interest as they might have obtained had they held and invested the money themselves.

#### **Cleared Funds**

Interest will only be paid on cleared funds. Routinely the Bank takes around 5 working days to clear cheques that we receive including business account cheques. Interest is not at any time payable on uncleared funds.

#### **Rate of Interest Applicable**

The rate of interest paid to Clients on money held in the general Client account will relate to the National Westminster Bank Plc published rate on deposit accounts. The rate of interest to be paid to Clients money as at the 25<sup>th</sup> November 2019, and until further notice, is 0.1%, being 0.15% below the National Westminster Bank plc current rate of interest.

#### **Where Interest is not Payable by Martin Tolhurst to Clients.**

We will not account to a Client for any interest in the following situations:-

- If the amount of interest calculated is £20 or less.
- Monies are held for the payment of professional disbursement if the person to whom the money is owed has requested a delay in settlement.
- An advance from us into our general Client account to fund the payment on your behalf in excess of funds already held for you in that account.
- If there is a specific agreement to Contract out the provisions of this interest Policy.

### **When Interest is Paid.**

Notwithstanding the above if we hold money for you in our general Client account then we will account to you for a sum in lieu of interest. We will only account to you if the total interest on the funds that we have held intermittently on your behalf in our general Client account exceeds £20. The Firm takes the view that any amount below £20 is reasonable retained by the Firm to cover the administrative costs of dealing with Client funds. Interest is paid by National Westminster Bank plc to the Firm on the aggregate of all Client money held in our general Client account and, subject to any interest paid to Clients as above, is for the benefit of the Firm and levels of interest received are taken into account when setting our charging rates.

### **Holding Significant Sums of Money for a Client.**

If it is apparent that we will hold a significant sum of money (in excess of £50,000) for a period of at least one month or more then we can either retain the monies in our general Client account but pay to you a rate of interest that is 0.1% above our general Client account rate of interest as detailed in above (0.1%) – this makes a total of 0.2%. Alternatively, if you as a Client request, we can transfer the monies into a separately designated Client account on your behalf which will attract the rate of interest that is given at that time by the Bank and will account to you for all of the interest earned from that account.

### **Probate Transactions.**

Special rates are applicable for Probate transactions. On monies held in Probate matters we will pay 0.1% as the general rate of interest of balances between £1 to £50,000 and 0.3% on monies held over £50,000.

### **Calculation and Timing for Interest Payments**

We will calculate and pay interest once your matter has been concluded. Payments on account of interest whilst money continues to be held, will not be made.

We will review interest rates quarterly and apply a rate that we believe reflects the market rate of interest paid on an instance access current account offered by a UK High Street Bank over the period when interest is due. We will update this Policy quarterly with the appropriate rate of interest.

When a payment of interest is due to a Client we will consider the period between the date when relevant funds were received by us (and cleared) in our account and the date when the funds are spent. We wish to pay interest to Clients where it is fair and reasonable to do so and this Policy seeks to achieve that objective.

### **This Policy**

A copy of this Policy will be displayed in the Client Area on our website and clients should be referred to the website for further information.

## **3. Financial Services Compensation Scheme.**

If the Banks in which the Firm holds funds should fail we reserve the right to disclose to the Financial Services Compensation Scheme (FSCS) the names and other details of Clients whose money is held there in order for those Clients to claim compensation up to the applicable limit, currently £85,000. The Firm will not be liable for any excess over the current FSCS limit. We will not be liable to you or any Third Party for any loss or damage suffered as a result of any act, omission, fraud, delay, negligence, insolvency or default of any Bank, Financial Institution, clearing or payment system nor that of the Directors, Offices, Employees, Agents or representatives of any of the foregoing. Currently all client account funds for Martin

Tolhurst are held with National Westminster Bank Plc (part of Royal Bank of Scotland group) and Santander.

#### **4. If you wish to make a Complaint about Interest**

If you believe that interest is due and has not been paid, or that the amount of interest paid to you is insufficient then you should ask for the matter to be reviewed by the Complaints Partner, Jane Williams whose details are [jwilliams@martintolhurst.co.uk](mailto:jwilliams@martintolhurst.co.uk); 61b Station Road, Longfield, Dartford, Kent DA3 7QA; Tel: 01474 706168. If you are unable to resolve your complaint about interest with Jane Williams then you may complain to the Legal Ombudsman who details can be given upon request. The Legal Ombudsman's website is [www.legalombudsman.org.uk/](http://www.legalombudsman.org.uk/).