



Client Account Interest Rate and Financial Compensation Policy

18th August 2024 update 13

- Key points – this Policy seeks to pay interest to Clients where it is fair and reasonable.
- Interest will only be paid to clients on cleared funds and where interest exceeds £30
- Interest will be paid currently at 1.4% although special rates apply for Probate matters or where substantial funds are held longer term.
- Clients can request that we transfer significant sums (over £100,000) into a separately designated Client account if they wish.
- If the bank in which we hold funds fails compensation of up to £85,000 can be claimed.
- If clients believe interest paid is insufficient they can have the matter reviewed by our Complaints Partner.



Client Account Interest Rate and Financial Compensation Policy

1. Background and reason for Policy

The Solicitors Accounts Rules 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. 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. The SRA Code of Conduct and Standards and Regulations for Firms requires Firms to be fair and reasonable to clients in financial dealings and Rule 5.1 requires Firms to account to clients for any financial benefit the Firm receives as a result of its dealings with clients and this would include the requirement to account for interest on monies held.

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.

This latest update, and adjustment to interest rates, follows the Bank of England Base rate reduction on the 1st August 2024, and notification to the Firm of reductions from Banks of interest rates payable on deposits.

2. The Terms of the Policy.

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.

Interest will only be paid on cleared funds. Routinely Banks take 5 working days to clear cheques received. Interest is not at any time payable on uncleared funds.

The rate of interest paid to Clients is based on typical instant access interest rates of the major high street lenders (Barclays, Lloyds, HSBC and Nat West). The general rate of interest to be paid on Clients money as at the 8th August 2024, and until further notice, is 1.4%. Where we hold a sum equivalent to more than £100,000 for 30 days or more a higher rate of 1.5% shall apply. Higher rates are also payable on probate matters where on balances between £1-£100,000 shall attract interest of 1.45% and £100,000+ balances shall attract 1.5%.

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

- If the amount of interest calculated is £30 or less.
- Monies are held for the payment of professional disbursements 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 of a client 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.

Notwithstanding the above if we hold money for a client in our general Client account then we will account to clients for a sum in lieu of interest. We will only account to clients if the total interest on the funds that we have held intermittently on their behalf in our general Client account exceeds £30. The Firm takes the view that any amount below £30 is reasonably 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 client charging rates.

If it is apparent that we will hold a significant sum of money (in excess of £100,000) for a period of at least 30 days or more then we can either retain the monies in our general Client account but pay to clients a higher rate of interest. Alternatively, if a Client requests, we can transfer the monies into a separately designated Client account on their behalf which will attract the rate of interest that is given at that time by the Bank and will account to a client for all of the interest earned from that account.

Special rates are applicable for Probate transactions. On monies held in Probate matters we will pay 1.45% as the general rate of interest of balances between £1 to £100,000 and 1.5 % on monies held over £100,000.

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.

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 Bank 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.

If a client believes that interest is due and has not been paid, or that the amount of interest paid to you is insufficient then the client can ask for the matter to be reviewed by the Complaints Partner, Jane Williams whose details are

jwilliams@martinolhurst.co.uk; 61b Station Road, Longfield, Dartford, Kent DA3 7QA;
Tel: 01474 706168. If the client is unable to resolve your complaint about interest with
Jane Williams then they may complain to the Legal Ombudsman who details can be
given upon request. The Legal Ombudsman's website is
www.legalombudsman.org.uk/.