

RICS CLIENT MONEY HANDLING PROCEDURES

RICS-regulated firms in the UK must adhere to RICS Standards. These mandatory procedures ensure that client funds are kept secure, identifiable, and separate from the firm's own money.

Introduction and Compliance

- **Purpose:** These procedures outline how Smith Woolley preserves the security of client money.
- **Mandatory Standard:** We comply with the **RICS Professional Standard: *Client Money Handling, 1st edition, reissued October 2022.***
- **Protection Scheme:** We are a members of the **RICS approved Client Money Protection Scheme**, which provides a safety net for clients if a firm is unable to repay funds. This includes the sections dealing with Property Management and Lettings. Our CMP membership certificate is prominently displayed in each of our offices and on our website as required by law.
- **Availability:** This document is published on the [Smith Woolley website](#) and is provided free of charge to any person upon request.

Mandatory Account Requirements

- **Authorised Institutions:** All client money is held in a UK bank or building society authorised by the relevant regulatory body for the jurisdiction
- **Exclusive Control:** Firms must hold client money in accounts over which they have exclusive control at an authorised bank or building society.
- **Clear Naming:** Every client account must include the full word "**Client**" and "**Smith Woolley**" in its title.
- **Discrete Identifiers:** Specific accounts for individual clients must also include a unique identifier, such as the client's name or property address.
- **Instant Access:** Funds must be immediately available to the client, even if it means sacrificing interest, unless written instructions from the client state otherwise.
- **No Right of Set-Off:** We hold bank acknowledgements confirming that client funds cannot be used to offset any firm liabilities or debts.

Receipts and Payments

- **Prompt Banking:** All client money must be paid into the designated account promptly, typically within **three working days** of receipt.

- **Mixed Monies:** If a payment contains both client and office money, it must be paid into the client account first, with the office portion transferred out promptly once cleared.
- **Unidentified Funds:** Firms must attempt to identify the owner of any unknown receipts; if untraced after **three years**, the funds must be donated to a registered charity under a signed indemnity.
- **Fee Deductions:** Firms cannot withdraw their own fees from a client account until they have sent an invoice or notification to the client, unless previously agreed in writing.

Financial Controls & Reconciliations

- **Three-Way Reconciliation:** For general client accounts, firms must perform a monthly "three-way" reconciliation between the bank statement, the cash book/system balance, and the total of individual client ledgers.
- **No Overdrawn Balances:** Systems and controls must prevent any client ledger or bank balance from becoming overdrawn.
- **Segregation of Duties:** Employees handling client money must have clearly defined, separate responsibilities to prevent misappropriation.
- **Authorisation:** All payments must be authorised by a Principal or a senior staff member independent of the day-to-day accounting functions.
- **Reporting:** Smith Woolley will provide clients with a monthly statement identifying the account balance.

Additional Property Management and Lettings Matters

- **Definition of Client Money:** For the purposes of our property operations, client money includes:
 - **Rents** collected on behalf of landlords.
 - **Service charges** for managed blocks or estates.
 - **Holding deposits** (prior to being protected or allocated).
 - **Maintenance funds** or floats held for property repairs.
- **Tenancy Deposits:** Security deposits are not considered client money once protected by a government-authorised **Tenancy Deposit Protection (TDP) scheme** (e.g., TDS, DPS, or MyDeposits). We handle these funds in strict accordance with the specific TDP scheme rules.

Fee Deductions & Commissions

- **Authorisation for Fees:** Management fees, letting commissions, and ad-hoc charges are only withdrawn from the client account if:
 - They are expressly stipulated in a signed **Property Management Agreement (PMA)** or **Terms of Business (TOB)**.

- The client has been sent a copy of the invoice or notification, or has previously agreed in writing that such notification is not required before deduction.

Maintenance & Supplier Payments

- **Sufficient Funds Check:** Before any payment is made to a contractor or supplier on behalf of a client, a check is performed to ensure the specific client ledger holds sufficient cleared funds.
- **Verified Suppliers:** Payments are only made to suppliers who have undergone our internal vetting process and are set up on our property accounting system.