

Client Money Handling Procedure

This document outlines the procedures for handling client money in compliance with the RICS Professional Statement on Client Money Handling (2020). As a member of RICS, Molyneux Rose will ensure all processes provide transparency, accountability, and the safeguarding of client funds for Molyneux Rose Ltd.

1. Definition of Client Money

Client money includes any money held or received by Molyneux Rose that does not belong to the company itself. Examples include, but are not limited to:

- Rent payments collected from tenants on behalf of clients
- Service charge contributions
- Security deposits
- Funds for repairs and maintenance paid in advance by clients (forward funding)

2. General Client Accounts

All client accounts are held in a designated client account, a product offered by Coutts Bank.

The purpose of the designated client accounts is to facilitate all payments to suppliers, occupiers and clients.

1. Ensure all client money is safeguarded using designated client accounts
2. Provide clear and transparent records of all client money transactions
3. Carry out regular reconciliations and audits of client money accounts
4. Hold professional indemnity insurance and comply with RICS' Client Money Protection Scheme

3. Setting Up and Maintaining Client Accounts

- **Client Money Account Designation:** All client money will be held in bank accounts clearly designated as client money accounts. The account names will include the term "Client Account" to differentiate it from the company's own accounts
- **Approved Bank:** All client money accounts will be held with Coutts Bank, an authorised bank regulated by the Financial Conduct Authority (FCA)
- **Interest on Accounts:** Any interest accrued on client money accounts will be handled according to the terms of the client's agreement
- **Overdrafts:** Client money accounts must not be overdrawn at any time

4. Receiving Client Money

- **Identification:** All incoming client money will be identified promptly upon receipt.
- **Banking Timeframe:** Client money will be banked within three working days of receipt.

- **Payment Allocation:** Funds will be allocated to the appropriate client or property account without delay. Any funds which are not identified within 30 days will be returned to the payee through the banks return funds process.

5. Making Payments from Client Money Accounts

- **Authorisation:** Payments made from client accounts must only be made to fulfil the purpose for which the money was received.
- **Signatories:** Only authorised personnel, approved by the company's management, may approve payments. The only personnel to have authority to set up and approve payments are the Accounts Team and Molyneux Rose directors.

Supplier Payments

- Payments to suppliers (e.g. contractors, utility providers) must be made only after:
- Verification of the invoice.
- Confirmation that the works or services have been satisfactorily completed.
- Payments are processed in accordance with the management agreement.
- All supplier invoices and payment records are stored for auditing purposes.
- Payments must reference the relevant property or client to ensure traceability.

Client Payments

- Funds due to the client (e.g. rental income) must be transferred promptly and in accordance with the timescales agreed in the management agreement.
- Payments must be supported by detailed statements showing all income and expenditure for the relevant period.
- No deductions may be made from client funds without prior written consent unless explicitly agreed in the management contract.

Tenant Refunds

- Tenant refunds for overpayments (e.g. credit balances on rent or service charge accounts) must be handled promptly and fairly.
- Before processing a refund, the overpayment must be verified to ensure that:
- The tenant's account has been correctly reconciled.
- The credit balance is genuine and not subject to other outstanding charges or disputes.
- Refunds must be authorised by a senior member of the property management team and clearly documented.
- A refund confirmation must be issued to the tenant, detailing:
- The amount refunded.
- The reason for the refund.
- The date of the refund.

VAT Returns

- VAT due on behalf of a client must be calculated and accounted for correctly.
- VAT payments must be made directly from the client account to HMRC, ensuring that sufficient funds are retained for these purposes.
- Records of VAT submissions and payments must be maintained for audit and compliance purposes.

Payments Entering the Client Account

- All receipts, including rental income, service charges, and insurance contributions, must be deposited directly into the appropriate designated account.
- Payments must be allocated promptly to the correct property, tenant, and account to avoid discrepancies

6. Record-Keeping

- **Transaction Records:** Accurate and up-to-date records of all transactions must be maintained, including receipts, payments, and transfers. Each transaction must be linked to the appropriate client or property account.
- **Supporting Documentation:** All transactions must be supported by relevant documentation, such as invoices, remittance advices, and tenancy agreements.
- **Client Statements:** Regular statements of account must be provided to clients, at least quarterly or as specified in the management agreement.

7. Reconciliation of Client Money Accounts

- **Frequency:** Full reconciliations of all client money accounts will be conducted monthly and signed off by Senior Management.
- **Process:** Reconciliations will compare the account balances with bank statements and the Discrepancies must be investigated and resolved immediately.
- **Audit Trail:** All reconciliations must be documented and retained for at least six years.

8. Handling Client Complaints

- Any complaints related to client money will be handled in accordance with the company's complaints handling procedure and escalated to the RICS-approved independent redress scheme if required.

9. Document Review This procedure will be reviewed annually or in response to regulatory changes to ensure continued compliance with RICS standards and relevant legal requirements.

For any queries regarding this procedure, please contact:

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