

## **Guidance**

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#### **Statement of our position regarding firms operating a client's own account**

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### **Status**

This notice is to help you understand your obligations and how to comply with them. We will have regard to it when exercising our regulatory functions.

### **Purpose of this notice**

Concerns have been raised by law firms and reporting accountants about the obligations imposed on law firms that are operating a client's own personal bank account as signatory. Specifically, a firm's ability to comply with rule 10 of the new SRA [Accounts Rules](https://upgrade.sra.org.uk/solicitors/standards-regulations/accounts-rules/) [https://upgrade.sra.org.uk/solicitors/standards-regulations/accounts-rules/].

Law firms and solicitors might operate a client's own account in a number of scenarios. The most common is likely to be when a solicitor in a firm has been appointed as a Deputy (Court of Protection) or Attorney (under a Power of Attorney). In these matters the solicitor will have access to the client's own account and will make/receive payments directly from/into that account. There is no need for the client's money to be transferred into the law firm's client account.

Where solicitors have access to a client's own account the risk of a failure to account or money going missing needs to be managed. In the scenarios described above, clients are likely to be vulnerable and may therefore, not have the ability to challenge or question how their money is being used.

### **What does rule 10 require law firms to do?**

Rule 10.1 states that if a firm is operating a client's own account then they must:



- i. obtain statements from banks, building societies or other financial institutions at least every 5 weeks for these accounts;
- ii. carry out reconciliations of each account every 5 weeks; and,
- iii. keep a record of their bills and other notification of their costs.

Firms will also be responsible for obtaining an accountant's report if they operate a client's own account.

## **What you can do**

We understand that not all law firms will keep ledgers for a client's own account and will not have access to monthly bank statements in order for reconciliations to be carried out at least every five weeks. If you are unable to meet these requirements, we will not regard you as being in breach of the SRA Accounts Rules if you take reasonable steps to record – and satisfy yourself – that the client's money is not at risk and to record the position.

Therefore, we would expect you to keep a:

- i. central register of the client own accounts that you operate,
- ii. separate record of the transactions carried out by you or on your behalf in respect of the client's own account, and
- iii. record of your bills and other notification of costs relating to that client's matter.

This information should be made available to your reporting accountant as and when required. We might also ask for this information.

## **Further help**

If you require further assistance, please contact the [Professional Ethics helpline](https://upgrade.sra.org.uk/home/contact-us/) [https://upgrade.sra.org.uk/home/contact-us/].