

# Client Monies Interest Policy

As part of carrying out regulated legal services, we may need to hold your money in our general client account. In holding a client's money, we have an obligation to pay interest on that money at a fair and reasonable rate and are required to have an interest policy, setting out when interest will be paid.

## Our policy

We aim to account to you for interest at a reasonable rate however, as the holding of your funds is incidental to the carrying out of your instructions, the rate is unlikely to be as high as the rate you may be able to obtain if you were to deposit the money yourself. We must ensure that money held on our client account is immediately available and so the need for instant access is considered when setting the rate of interest payable by us.

## Rates of interest

The rate of interest we apply is currently 2.10%. This rate is likely to change from time to time (without notification to you) as and when the interest rate received from our bank changes.

The money we hold for you will be held in our general client account with Lloyds. We will endeavour to deposit client monies with recognised domestic banks but because we have no control over the financial stability of these institutions, we cannot be responsible for their failure if they are unable to repay depositors in full, or for any monies lost because of their failure. In such circumstances you may be entitled to compensation under the Financial Services Compensation Scheme (FSCS). You should check with the Financial Conduct Authority to find out whether you would be entitled to compensation. The FSCS is the UK's statutory fund of last resort for customers of banking institutions. The FSCS can pay compensation of up to £85,000 if a banking institution is unable, or unlikely, to pay claims against it. The limit is £85,000 per banking institution. If you hold other personal money in the same banking institution(s) as our client account, the limit remains £85,000 in total and so please check the balance of any funds you also hold in Lloyds to assess your maximum losses in the event of a banking collapse.

Where amounts are held outside a general client account the rate of interest and date that interest is credited will depend on the terms given by the institution where the funds are held and, as such, fall outside the scope of this policy. The relevant interest information can be obtained at your request.

## Applicable taxes

Where your money is held on our general client account, any interest paid to you is paid without any deduction for income tax (unless you are resident overseas – see below). As such it is your responsibility to inform HMRC of amounts of interest received from us and that implications of this will depend upon your own financial circumstances. Where interest is held on a separate designated deposit account interest is usually paid net of tax (unless you have signed a declaration confirming your entitlement to receive bank interest gross). Under the European Savings Directive regulations 2003/48/2EC we are required to inform HMRC of payments of interest to relevant payees and residual entities in prescribed territories. Where you reside outside the UK and EC, we are required to deduct income tax at the current basic rate and account for this interest to HMRC directly and pay you the net amount.

## Calculation of interest

At the end of your matter, we will credit your account with interest if we hold monies on client account for longer than 30 days and the amount of interest is £30 or more for clients who are private individuals or £100 for other clients (e.g., companies, partnerships, trusts etc). Interest will be calculated daily and on amounts held overnight from the day the funds become cleared for interest purposes. Interest will be calculated at the end of the matter and will be added to the client ledger at that date.

In circumstances where we hold money on client account as stakeholder or temporarily to the order of a third party, we will pay the interest to the party or parties entitled to receive it as required by the relevant contract or arrangement. If the relevant money is held by us for more than 30 days from the date on which such circumstances arise, and more than £30 (individuals) or £100 (corporate or similar bodies) of interest has accrued from that date, then interest will be payable.

## When interest will not be paid

Interest will not be paid if the total amount calculated for the period that cleared funds are held is less than £30.00 for individual clients and £100 for company clients, or if the funds have been held for a period of less than 30 days.