

# SMITH WATERS

CHARTERED SURVEYORS • ESTATE MANAGERS

## Client Money Handling Procedure

This procedure sets out how Smith Waters LLP handles client money in compliance with the **RICS Client Money Protection Scheme**, ensuring client money is held safely, separately from company money, and is fully traceable. These procedures are in accordance with the RICS Client Money Handling UK, Effective from 1 January 2020.

### Definition of Client Money

Client money is defined as money of any currency (whether in the form of cash, cheque, or electronic transfer) that Smith Waters LLP holds or receives for or from a client. This includes (but is not limited to):

- Service charge contributions
- Reserve and sinking funds
- Insurance premiums
- Deposit monies
- Funds held for repairs, maintenance, and legal/professional fees

### Holding Client Money

- All client money is held in **designated client bank accounts** separate from company funds.
- **Designated client bank accounts** are held at a recognised bank or building society authorised by the Financial Conduct Authority (FCA), currently RBS.
- Client money is only used for the purpose intended by the client.
- All client money received and paid is **fully documented** and **reconciled** monthly.
- Clients and lessees are informed in writing of **how and where** their money is held.
- Smith Waters confirm the bank operating conditions in writing with the bank with which they hold client money accounts, including acknowledgement that monies in the client money account must not be combined with, or transferred to, any other account maintained by Smith Waters, and the bank shall not be entitled to exercise any right of set off or counterclaim against money in that client money account in respect of any sum owed to it in respect of any other accounts operated by Smith Waters.
- Smith Waters LLP hold appropriate **Professional Indemnity Insurance** and are a member of the **RICS Client Money Protection Scheme**.

### Client Bank Accounts

- Client money is held in a **designated client bank account**, titled clearly to distinguish it from office or other business accounts.
- All accounts include the word “**client**” in the account name (e.g. “Smith Waters LLP Client [Property Name] Account”).
- Interest earned on client money is credited to that account.
- Separate accounts may be maintained for service charges and deposits where appropriate.
- Smith Waters LLP meet all banking charges on client accounts.
- Client money is immediately available except where the client has provided written instructions to place part of those monies on a fixed deposit, the amount of such deposit allowing sufficient monies available on demand.

### Receiving Client Money

- All client money received by any method (e.g., bank transfer, cheque) is recorded without delay.
- Cheques are banked **on the day of receipt** subject to bank opening hours. Where the bank is not open then cheques are held securely until the next available opening hours.
- Where there is a **mixed payment** this is banked in the **client account** with any office funds transferred once cleared.
- Electronic transfers are reviewed **daily** to ensure accurate allocation. All funds received (e.g., rent, service charge, deposits) are recorded upon receipt.
- Funds are allocated to the correct property/client ledger.
- Cash is strongly discouraged but, if received, is banked within **one working day** subject to bank opening hours. Where the bank is not open then any cash is held securely until the next available opening hours. Receipts are issued for any cash received.

### Payments from Client Accounts

SMITH WATERS LLP

4 PANTON STREET HAYMARKET LONDON SW1Y 4SW

TEL: 020 7839 3950 FAX: 020 7839 3970 [property@smithwaters.c](mailto:property@smithwaters.c)

Partners: J.A.E. SMITH, MRICS., FCIQB, FCIS; R.C. WATERS, MRICS., MBIFM  
Associates: A.Smith, BSc(Hons), MRICS; P.J.Smith, BA., MCIM., ICIQB., MBIFM  
K.M.D.Waters, BSc(Hons), MA, MTPI, AssocRICS



VAT Registration No. 2428628 52

Regulated by RICS



- Payments are made **only with written authorisation** from the client or **under the terms of the management agreement**.
- Payments **must be** supported by a valid invoice or written instruction.
- Two-person authorisation is used for all payments.
- Payments may include:
  - Contractor invoices for repairs
  - Insurance premiums
  - Landlord distributions
  - Tax payments
- No client account is permitted to become overdrawn.
- For larger transactions (e.g., reserve fund use), written authorisation is obtained from the client where required.

#### **Client Money Reconciliation**

- All client accounts are **reconciled monthly** except for accounts with fewer than one transaction per month which are reconciled no less than quarterly.
- These reconciliations are reviewed and signed off by a **senior member of staff**.
- Any discrepancies are investigated and corrected immediately.

#### **Record Keeping**

- All client money transactions are recorded and traceable to the relevant property and client.
- We retain records for at least **12 years**, including:
  - Bank statements
  - Receipts and invoices
  - Lease/service charge details
  - Reconciliations
  - Client and tenant correspondence
- Records are made available for inspection by RICS, TPI or relevant authorities upon request.

#### **Client Notification**

- Clients and lessees are informed of the details of the account in which their money is held when the account is opened.
- Clients and lessees are informed the accounts are interest bearing and with no bank charges.
- Clients receive regular financial statements (minimum **quarterly**) detailing:
  - Ground rents/service charges collected
  - Expenses paid
  - Management fees deducted
  - Balance held
- Lessee statements are available on request.

#### **Handling Service Charges and Reserve Funds**

- Service charge funds are held in **separate designated client accounts** for each property/block.
- Reserve funds (sinking funds) are ring-fenced and used only for major works as defined in the lease.
- Year-end accounts are prepared and audited as required by the lease and Landlord and Tenant Act 1985.

#### **Breaches and Reporting**

- Any actual or suspected breaches of this procedure are reported to senior management and, where necessary, to **RICS Regulation** and/or **the appropriate client**.
- In cases of suspected fraud or theft, the police and the firm's insurers will be informed immediately.
- Corrective action will be taken and documented.

#### **Staff Training**

- All staff involved in handling client money receive **regular training** on:
  - This procedure
  - Anti-Money Laundering (AML)
  - Data protection
  - Legal obligations under tenancy and leasehold law
- Training is refreshed **annually** or upon changes to regulations.
- Smith Waters LLP also support CPD and further training of all staff.

#### **Review and Audit**

- This procedure is reviewed **annually** or following changes to RICS/TPI rules or legislation.
- Independent audits are conducted periodically to ensure ongoing compliance and recommend improvements.

**Reviewed by:**  
Katie Waters  
Associate Partner  
**Smith Waters LLP**  
April 2025