

Client Account Interest Policy

Our interest policy should be read in conjunction with the solicitors practice and accounts rules (in particular rule 22-25) <http://www.sra.org.uk/solicitors/handbook/accountsrules/>

Throughout the transaction we may hold money on general client account pending a payment to you or a third party on your behalf e.g. funds held on account of another party's legal costs or a deposit ready to be paid to a seller upon exchange of your purchase.

We may also hold money in a separate designated client account on your behalf. This type of arrangement is usually only required when we are expected to hold the funds for several months or more e.g. rent deposits paid on commercial leases.

Our primary role is to act for you in a legal capacity and we are not here to operate a bank account on your behalf or provide banking services nor do we provide financial advice. We hold money in a client account to keep it safe. We do not seek to encourage our clients to deposit any significant level of funds with us unless and until they are required in relation to a step in their matter.

How we work out if interest is payable?

We will calculate and pay interest once your matter has been concluded.

We have a de minimis limit of £100 and as such we do not make any interest payment to you unless the interest earned by us on cleared funds held on your behalf would be in excess of £100 per matter.

Interest rates vary over time. We calculate interest at a fair rate which reflect the rates paid from time to time by our bank on our client account. We will review the interest rates periodically and also whenever the Bank of England changes its Base Rate.

The rates currently payable are dependent on the amount you deposit with us:

<u>Average Balance</u>	<u>Gross % Interest Rate Paid</u>
Below £100,000	Nil
£100,000 plus	0.5% or 4% below Base Rate whichever is lower.

Each of your matters will be treated separately and we will not combine interest payments between all your transactions when calculating this figure unless we consider this to be unfair.

In determining the period over which interest is to be calculated, we will look at the following: the period between the date when the relevant funds received by us clear our account and when we send the funds or a cheque is raised.

There may be specific exceptions to this arrangement but only where we agree this in writing with you. You can request that you are not paid interest, if for example you do not want to receive it for religious or tax reasons.

Interest earned on monies held on designated deposit account by us is subject to tax (if applicable) and will be passed on to you in full (gross) so you will need to account to the Inland Revenue on any interest received (and pay any tax on this).

Why are the rates you pay so low?

The rates noted above are not especially good rates of interest when compared to savings products in the financial market. However, we are required to hold client funds in an account which requires instant access. This limits what we receive as high street banks do not pay high amounts on client account interest. Typically our bank pays us 2-4% below base rate. For example as at May 2024 NatWest pay us 0% on our main client account and a rate of 1.71% pa on our second client account. Handelsbanken pay us 1.55% pa. This varies over time, for example in January 2023 the base rate was 3.5% and our bank NatWest paid us 0% on our main account and 0.8% gross interest on the second account. We therefore will not seek to match savings rates paid by banks and other savings institutions. The rates we pay will be more akin to basic current account rates.

For the majority of clients this policy (low rates of interest and a £100 minimum) will mean that interest will not be paid to you.

However, we believe this policy is fair as it enables us to minimise time spent on administrative checks in calculating and monitoring small interest balances on the closure of files and concentrate on providing a more cost effective legal service for our clients as a whole. We also do not consider all your matters together when considering interest because again this creates an unnecessary administrative burden. Each of your legal matters are dealt with as separate files and so we do not seek to create non legal work to monitor interest across your files.

This is particularly true where we offer fixed cost services such as residential conveyancing. Part of the trade off in having the benefit of a fixed cost legal service is that interest is unlikely to be paid. Our fixed cost pricing takes into account that benefit for our firm.

For this reason, we recommend that you minimise any potential loss of interest by retaining sums, such as deposits paid on a transaction, in your own bank or building society until required rather than sending the funds to us in anticipation of a matter proceeding. Most payments can be made between banks quickly and cheaply (often instantly and for free). If interest payments are important to you, then you may wish to consider other representation which offer different rates on interest but we do not believe this is material when choosing legal representation in the majority of matters.

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