

# POL CORP 1005 Interest Policy

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## **1 Amount of interest**

We will pay a fair sum of interest to clients or third parties on any client money we hold on their behalf.

## **2 Circumstances in which interest will not be paid**

### **2.1 We will not pay interest:**

- (A) on money we are instructed to hold outside a client account in a manner that does not attract interest, e.g. cash held in our safe;
- (B) where the amount of interest, calculated in accordance with this policy, is less than £50 on the basis that the costs associated with paying that interest are disproportionate to the amount involved;
- (C) where we come to a different arrangement, in writing, with the client or third party for whom the money is held—where we do so, we will provide sufficient information to enable the client or third party for whom the money is held to give informed consent (see 'Contracting out' at section 8 below);

## **3 Amount of interest**

3.1 Whilst there is no specific requirement to do so, client money can be held in a separate designated client account (SDCA) in our general client account. An SDCA is an account for money relating to a specific client, trust or third party. Our general client account is an account in which we hold money relating to multiple clients or third parties.

### **3.2 Interest on money held in an SDCA**

3.2.1 We may also use a SDCA:

- (a) for money that we hold as or on behalf of trustees under a trust;
- (b) on transactions in which the parties agree that some or all of the funds should be held in a separate account;

3.2.2 Unless we are instructed to the contrary, we will pay 100% of the interest received on money deposited in an SDCA to the client or third party to whom we ultimately pay the money on deposit. Where the money on deposit is divided between more than one client or third party, we will divide the interest in the same proportions.

### **3.3 Interest on money held in general client account**

3.3.1 Any client money not held in a SDCA will be held in our general client account, unless:

- (a) doing so would conflict with our obligations as a trustee of a trust, done of a power of attorney, Court of Protection deputy, trustee of an occupational pension scheme, etc;
- (b) the client money represents payments received from the Legal Aid Agency for our costs; or
- (c) we agree an alternative arrangement in writing with the client or third party for whom the money is held.

3.3.2 We will pay interest on money held in our general client account at Barclays Bank plc the rate available at the time. The interest rate is likely to change from time to time. Our interest policy shall be kept under review and may change if the Bank of England base rate increases or decreases.

### **3.4 Interest period**

3.4.1 Interest will be calculated over the whole period we hold the monies, starting from the date the monies are treated by us as cleared funds.

### **3.5 Best available rate**

3.5.1 We are required by the Solicitors Regulation Authority (SRA) to ensure client money is available on demand unless we agree an alternative arrangement in writing with the client or third party for whom the money is held. We therefore hold client money in instant access accounts only unless we have agreed an alternative arrangement.

3.5.2 This means the interest rate paid on client money held in an SDCA or in our general client account may not be as high as could be achieved if the client or third party for whom the money is held placed the money on deposit themselves.

## **4 Tax liability**

Interest on money held in our general client account or in a separate designated deposit account will be paid before deduction of tax. It will be the recipient's responsibility to declare interest received to HMRC.

## **5 Monies held on more than one matter**

Where we hold money on more than one matter for a client or third party, interest will be calculated separately for each individual instruction—unless it is fair to aggregate the interest.

## **6 Interest payment dates**

6.1 Interest will be paid towards the conclusion of the matter, or sooner at the discretion of the Directors.

6.2 If we hold money jointly with a client, the interest earned will belong to the client, unless we agree otherwise.

6.3 If we hold money jointly with another firm, we will agree with the other firm how interest will be allocated.

## **7 Unpresented cheques**

Where we pay money by cheque to a client or third party who delays in paying the cheque into their bank, we will pay additional interest only where it is fair in all the circumstances to do so. We reserve the right to charge for the additional work involved.

## **8 Contracting out**

8.1 We may, by written agreement with the client or third party for whom the money is held, contract out of the terms of this interest policy.

8.2 When agreeing to contract out, we will:

8.2.1 act fairly and in the best interests of any relevant client; and

8.2.2 provide sufficient information to enable the client or third party for whom the money is held to give informed consent.

## **9 Monitoring and review**

9.1 The firm's compliance officer for finance and administrations (COFA) is responsible for this policy; however, this is generally updated by the Practice Manager.

9.2 The COFA will monitor compliance with this policy and will review this policy regularly, together with the Practice Manager—at least annually.