

Interest Policy

Summary

This document sets out our policy for paying interest where we hold money in client account for a:

- Client
- Person funding all or part of our fees
- Trust
- Person to whom a stake is to be paid (when we hold money as stakeholder)

Collectively called "the recipient(s)"

We are required by the [SRA Accounts Rules 2019](#) to:

- account to clients or third parties for a fair sum of interest on any client money held by you on their behalf.

Responsibility for Payment of Interest

The Managing Partner is responsible for agreeing the interest rates stated in this policy.

The COFA is responsible for

- I. Devising and implementing this interest policy, in consultation with the Equity Partners
- II. Providing assistance to individuals and/or teams who have responsibility for calculating or paying interest.
- III. Formally reviewing, monthly, the interest rates we receive and pay (the base rate is reviewed daily by the Legal Cashiers for any significant shifts)

- IV. Monitoring compliance with this policy
- V. Reporting in the Monthly Finance Report to the Equity Partners on the firm's interest arrangements

When Do We Pay Interest

We will pay interest on all monies held on client account, with the exceptions listed below.

We do not pay interest:

- I. On money held to pay a professional disbursement, once the intended recipient has requested that we delay in paying them.
- II. On money held for the Legal Aid Agency
- III. On money that we have paid into a client account as an advance from the firm to fund a payment on behalf of a client or trust in excess of funds held for that client or trust
- IV. If we have agreed with the recipient to contract out of our obligation to pay interest
- V. On monies that we are instructed to hold outside a client account in a manner that does not attract interest, e.g., cash held in our safe
- VI. When the amount of interest, calculated in accordance with this policy, is less than £50.00 (fifty pounds sterling)

Interest will be calculated and paid in accordance with this policy. The amount of interest paid to each recipient will take into account:

- I. The amount held.
- II. How long we held cleared funds.
- III. The requirements to provide instant access to funds held in client account.
- IV. The rate of interest payable on the amount held in an instant access account at Handelsbanken plc where we have our client account.
- V. The practise of Handelsbanken plc where we have our client account on how often interest is compounded.

Types of Account

Client account monies can be held in two different ways:

- In a separate designated client account (SDCA) – in some cases we open a separate bank or building society account for a specific client or trust, etc.
- In our general client account – this is where we hold monies for clients or trusts that are not held in an SDCA
- How we calculate interest under this policy depends on which type of account is used. It is therefore important that we use the correct type of account.

Interest on monies held in a SDCA

We may use a SDCA when there are specific contractual requirements to do so.

We may also use a SDCA as or on behalf of trustees under a trust.

Unless we are instructed to the contrary, we will pay 100% of the interest received on monies deposited in an SDCA to the recipient to whom we ultimately pay the monies on deposit. Where the monies on

deposit are divided between more than one recipient, we will divide the interest in the same proportions.

Interest will be paid gross of tax.

Interest on monies held in our general client account

Any monies not held in a SDCA will be held in our general client account

We will pay interest at a rate of 1.4% on monies held. Historic rates are detailed in the table below:

Date	Gross Rate
01/08/2024	1.4%
01/02/2024	1.65%
01/11/2022	0.1%
04/01/2022	0.01%
01/02/2021	0%
01/07/2020	0.01%
19/03/2009	0.1%

Interest will be paid before deduction of tax. It will be the recipient’s reasonability to declare interest received to HMRC

Best Available Rate

We are required by the Solicitors Regulation Authority (SRA) to deposit monies in an instant access account only. This means that the interest rate paid on monies in an SDCA or our general client account may not be as high as the recipient can achieve by placing the money on deposit themselves. We will ensure that the recipient is aware of this and, where appropriate, has the opportunity to make alternative arrangements.

For long term monies held on trust matters, an enhanced rate of interest can be applied.

Interest Period

Interest will be calculated over the whole period that we hold the monies, starting

from the date the monies are treated by us as cleared funds.

Unless we are notified by our bank to the contrary, we will treat monies as cleared funds in accordance with the table shown below:

Method of Payment	When are the monies treated as cleared funds
Cheque	5 working days after the money has been paid into our client account
Debit/Credit Card	Date of actual receipt into the account
Direct Transfer	Date of actual receipt into the account

We will apply the same time periods when calculating the date that monies are received by the recipient.

Monies Held on More Than one Matter

Where we hold monies on more than one matter for a recipient, interest will be calculated separately for each individual instruction. Unless it is fair and reasonable to aggregate the interest.

Payment Dates

Interest will be paid at the conclusion of the retainer or at such date which is deemed fair and reasonable.

Special Cases

This policy does not apply when we act as liquidator, trustee in bankruptcy, Court of Protection deputy or the trustee of occupational pension scheme. We will comply with the appropriate statutory rules and any other relevant provisions of the SRA Accounts Rules 2019 regarding payment of interest.

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

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

Unpresented Cheques

Where we pay monies to clients by cheque, some clients will delay in paying the cheque into their bank. We will pay additional interest only where it is reasonable in all the circumstances to do so.

Where we do recalculate interest and /or issue a further cheque, we reserve the right to charge for the additional work involved.

Informing client of our Interest Policy

We will notify clients of our interest policy in our terms of business and make this policy available on our website.

Failure to explain our policy on payment of interest could give the recipient unrealistic expectations about the amount of interest they will receive.

Ultimately, this could lead to complaints to the firm and/or Legal Ombudsman.

Contracting Out

Contracting out usually takes the form of agreeing that we will pay no interest or a reduced amount of interest. It can also include agreeing to pay 100% of the interest received on monies held on general client account, where this

exceeds the amount that would normally be paid under the policy.

We may, by written agreement with the client and/or recipient, contract out of the terms of this interest policy.

We will only contract out when doing so provides a fair outcome. This will depend on all the circumstances, e.g.:

- The amount involved – The larger the sum of interest, the greater the onus on us to show that the client has been treated fairly.
- The status and bargaining position of the client – It may be less appropriate to contract out if the client is a private individual with little legal exposure than for a commercial client where the interest represents a very modest proportion of the overall transaction.
- Whether there are specific reasons for contracting out, e.g., tax reasons or religious belief.
- Focused training for individual colleagues or teams responsible for specific interest actions

Monitoring and review

The COFA is responsible for this policy.

All colleagues must be aware of and adhere to it. Colleagues may be liable to disciplinary action if they fail to comply with the provisions of this policy or related policies and procedures.

The COFA will monitor compliance with the policy by carrying out quarterly accounts audits, file reviews, monthly interest provision reviews.

We will review this policy regularly – at least annually. We will provide information and/or training on any changes we make.

When agreeing to contract out, we will:

- Act fairly toward our client
- Provide sufficient information to enable the client to give informed Consent.

Failure to comply with this policy

We are required to notify the SRA if we breach the SRA Accounts Rules 2019, including the rules relating to payment of interest. If you suspect that we have breached this policy, please report your concerns to our COFA (Compliance Officer for Finance and Administration) and COLP (Compliance Office for Legal Practice) John Pratt using the process described in our separate [Compliance Failure Policy](#).

Training

All colleagues will receive training, as necessary, on our Interest Policy including:

- Regular training for existing colleagues
- Training for new colleagues at induction
- Updates following any changes to the policy that affect colleagues.

