

Interest Policy

1 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)'.

2 We are required by the SRA Accounts Rules 2011 to:

- have a written policy on the payment of interest that seeks to provide a fair outcome
- pay interest when it is fair and reasonable to do so in all the circumstances
- pay a fair and reasonable sum calculated over the whole period for which any money is held

Responsibility for payment of interest

3 The Partners are responsible for agreeing the interest rates stated in this policy.

4 The Compliance Officer for Finance and Administration ("COFA") is responsible for:

- devising and implementing this interest policy, in consultation with The Partners

- providing assistance to individuals and/or teams who have responsibility for calculating or paying interest
- reviewing the interest rates we receive and pay
- monitoring compliance with this policy
- reporting on an annual basis to the Partners on the firm's interest arrangements

When do we pay interest?

5 We do not pay interest:

- on money held to pay a professional disbursement, once the intended recipient has requested that we delay in paying them
- on money held for the Legal Services Commission
- 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
- if we have agreed with the recipient to contract out of our obligation to pay interest
- on monies that we are instructed to hold outside a client account in a manner that does not attract interest, eg cash held in our safe
- if the amount of interest, calculated in accordance with this policy, is less than £20

6 We will pay interest on all other monies held on client account, including any monies we should have held on client account but failed to do so.

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

- the amount held
- how long we held cleared funds
- the requirement to provide instant access to funds held in client account
- the practice of the bank where we have our client account on how often interest is compounded

Types of client account

8 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

9 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 separate designated client account

10 We may also use a SDCA:

- for money that we hold as or on behalf of trustees under a trust
- where we have made prior agreement to do so.

11 Unless we are instructed to the contrary, we will pay 100% of the interest received on monies deposited in an SDCA to 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.

- 12 Interest will be paid net of tax unless the recipient has signed a declaration that they are entitled to receive gross interest.

Interest on monies held in our general client account

- 13 Any money not held in a SDCA will be held in our general client account.

- 14 We will pay interest at 0.25% below the Lloyds Bank plc's published base rate.

- 15 The interest rate may change from time to time depending of movement of the Bank of England base rate.

- 16 Interest will be paid before deduction of tax. It will be the recipient's responsibility to declare interest received to HMRC.

Best available rate

- 17 We are required by the Solicitors Regulation Authority (SRA) to deposit monies in instant access accounts 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.

Interest period

- 18 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.

19 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 monies treated as cleared funds |
|----------------------|--|
| Cheque | 3 working days after the money has been paid into our client account |
| debit or credit card | date of actual receipt into the account |
| direct transfer | the following working day |

20 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

21 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

22 Interest will be paid at the conclusion of the retainer.

Special cases

23 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 2011 regarding payment of interest.

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

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

Unpresented cheques

26 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.

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

Informing clients of our interest policy

28 We will notify clients of our interest policy in our terms of business.

29 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

30 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 this policy.

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

32 We will only contract out where doing so provides a fair outcome. This will depend on all the circumstances, eg:

- the amounts 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, eg tax reasons or religious belief

33 When agreeing to contract out, we will:

- act fairly towards our client
- provide sufficient information to enable the client to give informed consent

Failure to comply with this policy

34 We are required to notify the SRA if we breach the SRA Accounts Rules 2011, including the rules relating to payment of interest. If you suspect that we have breached this policy, please report your concerns to our COFA or Compliance Officer for Legal Practice ("COLP") using the process described in our separate Compliance failure policy.

Training

35 All staff will receive training, as necessary, on our interest policy including:

- regular training for existing staff
- training for new staff at induction
- updates following any changes to the policy that affect staff

- focused training for individual staff or teams responsible for specific interest actions

Monitoring and review

- 36 The COFA is responsible for this policy.
- 37 All staff must be aware of and adhere to it. You may be liable to disciplinary action if you fail to comply with the provisions of this policy or related policies and procedures.
- 38 The COFA will monitor compliance with this policy by a regular review of interest calculations.
- 39 We will review this policy regularly—at least annually. We will provide information and/or training on any changes we make.