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## Client Money Handling Procedures



We are regulated by RICS (Royal Institution of Chartered Surveyors). Firm registration number 836572.

We are members of The Property Ombudsman and abide by the Property Ombudsman Code of Practice. We are members of ARLA (Association of Residential Lettings Agents) and NAEA (National Association of Estate Agents).

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## Client Money Handling Procedures

At Habitat Investments we take our responsibilities for managing our clients' money very seriously and want to give our clients assurance that their funds are protected and safe.

This document outlines the key principles and procedures we have to handle client money.

### Overview

We have designed our procedures and processes for managing client money in line with the RICS professional statement "Client Money Handling" 1st edition October 2019.

Habitat Investments Ltd (RICS Registered Firm No. 836572) is a member of the RICS Client Money Protection Scheme.

We consider the following to the core objectives of our approach to handling client money:

- To safeguard the funds entrusted to us by our clients.
- To maintain accurate accounting records in respect of our clients' money.
- To provide clarity and transparency of the approach we adopt to our clients.

### Definition of client money

We consider client money to encapsulate the following:

- Any currency (whether cash, cheque, draft or electronic transfer) that we hold or receive on behalf of our clients as part of the delivery of our services.
- Excluding amounts which are immediately due and payable on demand.



## How and where client money is held

In relation to client money we hold or receive, the following conditions apply:

- All client money is held in designated client money accounts; either a common account or a discrete account. Common accounts are bank accounts which hold pooled client money belonging to more than one client and are used to facilitate receipts and payments. Discrete accounts are client specific accounts (i.e. they are unique to individual clients) and are used to hold client money relating to the relevant client.
- All bank accounts utilized by Habitat Investments for client money are exclusively controlled by Habitat Investments Ltd, except where the client requests that money is held in an account to which it also has access. In such cases, these accounts are established by the relevant client.
- All bank accounts utilized by Habitat Investments for client money are provided by an appropriate banking institution authorized by the Prudential Regulatory Authority (PRA) or the Financial Conduct Authority (FCA).
- All client money accounts are solely utilized for client money and do not include office money (i.e. funds relating solely to Habitat Investments' own business).
- All discrete accounts include the word client and the name of the client in the title of the account.
- All client money held is available on demand.
- We obtain written confirmation from the bank of the operating conditions for all client money accounts.

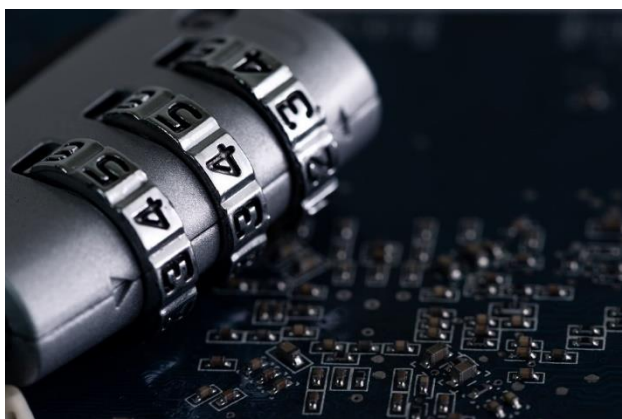
### Access to funds

Access to client money accounts is restricted to specific individuals, who possess an appropriate level of experience and seniority.

All payments out of client money accounts require approval by at least one named individual on the bank mandate.

Access to the e-banking systems is limited to such individuals.

All bank mandates are reviewed on at least an annual basis and approved by a member of senior management.



## **Timescales for payment into client accounts**

Electronic transfers of client money are made directly into a common account and subsequently allocated to the relevant discrete accounts, if any. Receipts are reviewed on a daily basis to support this process.

Where money is received by cheque, these are logged and recorded. Cheques are banked on at least a weekly basis.

Unallocated cash is reviewed regularly, with items remaining unallocated for 28 days returned to the sender. Any unallocated cash returned through this process requires approval from at least one individual on the relevant bank mandate.

## **Payment authorisation**

As noted above, access to the bank accounts are limited to appropriate and authorized individuals.

All payments made from client money are made to or on behalf of the relevant client, in line with the agreed service delivery (e.g. as documented in the Terms and Conditions with the client). Payments for management fees are made in line with agreements for each individual client.

Payments are made via electronic transfer (e.g. FPS, BACS or CHAPS) wherever possible, but in all cases of payment, the payment requests must be supported by appropriate evidence (such as the original invoice) and approved by the relevant individuals. Additional controls are in place to restrict other methods of access to funds (e.g. restrictions on withdrawals).

No payments are made unless there are sufficient funds held to cover the payment.

Segregation of duties is in place between the teams and individuals involved in client accounting, data management, accounts payable and payment approval.

## **Interest and bank charges**

The bank accounts used to hold client money are interest bearing accounts, for which Habitat Investments cover all bank charges (including transaction fees and account maintenance charges). Habitat Investments is also entitled to retain any interest earned through the aggregation of client money within the common accounts to offset general bank charges and administration costs associated with operating the relevant bank accounts (in line with specific client agreements). Discrete accounts (if any) are credited with interest at the agreed rate and interval.

## Bank account reconciliations

Records are maintained for all common and discrete accounts maintained by Habitat Investments, including an audit trail of transactions for each account.

Common accounts are reconciled on a daily basis between the cash book and the bank statement by a member of our team, with a supervisory review carried out by a senior member of the team.

On a monthly basis, a reconciliation between the cash book, bank statement and general ledger is performed.

All discrete accounts (if any) are reconciled on at least a monthly basis between the cash book, bank statements and general ledger by a member of the team, with an independent review undertaken for each reconciliation.

Reconciling items identified are investigated with the relevant teams (e.g. Client Accounts) to identify actions required to resolve them, where necessary. Levels of reconciling items are monitored and reviewed using monthly key performance indicators (KPIs).

## Information provided to clients about client money

For all clients, we advise the clients in writing of the bank account details (account name and details of the bank) and agree the terms of the account handling, including arrangements for interest and charges.

Reporting arrangements are agreed individually with each client to meet their needs, but typically include regular financial reporting and details of the client money held by Habitat Investments on their behalf.

Where we receive surplus client money, such money is held within a designated unclaimed client funds account (distinct from other client money accounts) and efforts are made to identify the owner and return the funds.

Where this is not possible, the funds are transferred to a registered charity in line with the RICS rules. The unclaimed client funds account is reviewed on at least an annual basis to determine whether any transfers or other action is required.

In the event that any client money is misappropriated, we take prompt action to inform RICS, the client affected and our insurers. Any such event is suitably investigated with remedial action taken where required.



## **Disputes or complaints**

Whilst we endeavour to avoid disputes wherever possible, we recognise that occasionally when dealing with our clients, we may do or omit to do something that gives rise to dissatisfaction, disappointment, or a complaint. In such circumstances, we want to put things right and improve our service.

Typically, such instances are addressed via day-to-day contract management or client interactions, however, specific arrangements for individual clients are agreed as part of our client agreements.

In addition to the above, Habitat Investments has a defined Complaint Handling Procedure (in line with the RICS Rules of Conduct) to respond to and address written complaints.