

SCHEDULE

Letting Agent Code of Practice

SECTION 8

Handling landlords' and tenants' money, and insurance arrangements

117. In this section “client money” means money held or rent collected on behalf of a prospective tenant, tenant or landlord (including former tenant or landlord).

Client accounts

118. You must have robust and transparent written procedures for handling client money.

119. You must keep adequate records and accounts to show all dealings with client money.

120. You must be able to account immediately to them for all money held on behalf of clients.

121. You must ensure you hold client money in one or more separate and dedicated client bank accounts with a bank or building society authorised by the Financial Conduct Authority, separate from your main business or private accounts.

122. You must have written confirmation from any bank or building society where a client account is held that the following conditions apply:

- (a) that all money standing to the credit of that account is client money; and
- (b) that the bank or building society is not entitled to combine the account with any other account or exercise any right to set-off or counterclaim against money in that account for any sum owed to the bank or building society on any other of your accounts it holds.

123. You must regularly record and monitor all transactions and reconcile these monthly as a minimum.

124. You must ensure clients' money is available to them on request and is given to them without unnecessary delay or penalties, unless agreed otherwise in writing (for example to take account of any money outstanding for agreed works undertaken).

125. You must pay or repay client money as soon as there is no longer any need to retain that money. Unless agreed otherwise in writing by the client, you should where feasible credit interest earned on any client account to the appropriate client.

126. You must hold a client money protection insurance policy unless you can demonstrate equivalent or greater protection through another body or membership organisation. You must give further details (such as the name of your provider, your policy number and a summary of the policy) to them on request.

Debt recovery

127. You must have a clear written policy and procedure for debt recovery that lists a series of steps you will follow unless there is good reason not to. This should include setting out at what point you will contact any guarantor. The procedure must be clearly, proportionately and reasonably applied. It must set out how you will deal with disputed debts.

128. Any charges you impose on late payment must not be unreasonable or excessive.

129. When you contact landlords, tenants or guarantors who owe you money, you or any third party acting on your behalf must not act intimidatingly or threateningly. Nor must you knowingly or carelessly misrepresent your authority and/or the correct legal position.

Professional indemnity arrangements

130. You must have, and maintain, adequate professional indemnity insurance that is appropriate for your agency's level of income and type of work unless you can demonstrate equivalent or greater protection through another body or membership organisation.

131. Cover must be on a full civil liability basis and if feasible, this insurance should be fully retroactive.

132. You must give further details (such as the name of your provider, your police number and a summary of your policy) to them on request.

Provision of insurance products

133. If you are lawfully authorised to offer insurance products to landlords and tenants as part of your services, related costs must be clearly explained and itemised on all relevant documents.

134. On request you must disclose to landlords and tenants, in writing, whether you receive any commission, fee, rebate or other payment or benefit from the company arranging or providing insurance cover and any financial or other interest you have with the insurance provider before they enter into an agreement. You must also disclose on request any other charge you make for providing the insurance.

135. If applicable, you must have a procedure in place for making insurance claims on a landlord's behalf and for liaising with the insurer to check that claims are dealt with promptly and correctly. If landlords are responsible for submitting claims on their own behalf, you must supply all information they reasonably need to do so.

136. You must keep the insurance claimant informed of the progress of their claim or give them enough information to allow them to pursue the matter themselves.

Criminal activity

137. You must notify the appropriate authorities, such as the Police or National Crime Agency, if you suspect any person using your services is engaged in money laundering, human trafficking, or another criminal activity.