



Payment of Interest Policy

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Date reviewed	August 2022
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Responsible Person	COFA



1. Purpose

This policy sets out how Wallace LLP applies interest in relation to funds held in our client account, in accordance with the Solicitors Accounts Rules and its obligations under the SRA Standards and Regulations.

2. Background

It is the firm's policy to account to its clients for a sum in lieu of interest on a fair and reasonable basis.

As required under the regulations, Wallace has to ensure that client money is kept safe and available for the purpose for which it is provided and separate from funds belonging to the firm.

3. Types of client account

There are two types of client account:

3.1 **A general client account.** This is where the majority of client money is held in which amounts for different matters and clients are pooled. This is on an instant access basis to ensure immediate access to funds and means it is unlikely you will receive as much interest on money held as might have been obtained had you held and invested the funds yourself.

3.2 **A designated client account.** This account is set up specifically for an individual client and will include in its title a reference to your identity. These are sometimes set up when there are specific contractual requirements to do so.

4. Payment in lieu of interest for both types of client account

4.1 **Money held in a general client account** (or money under our control which should have been held in a client account but was not) – we will account to you for a payment in lieu of interest when it is fair and reasonable to do so in all the circumstances having regard to the principles and practices set out in section 5 below.

4.2 **Money held in a designated client account** – we will account to you for a payment in lieu of interest for all the interest earned on that account (net of any tax deducted at source).

5. How and when a payment in lieu of interest is paid

- 5.1 We will compound interest quarterly.
- 5.2 We will normally calculate and pay interest once your matter has been concluded, however, there may be instances where it might be more appropriate to account for interest at intervals throughout the matter.
- 5.3 We will retain interest paid to us by the bank on the aggregate of all client money held in the general client account.
- 5.4 Interest will be calculated and paid by reference to applicable rates over the period for which we hold cleared funds.
- 5.5 Unless otherwise agreed, where we are conducting more than one matter for you, balances will not be aggregated for calculation purposes.

6. Circumstances in which interest will not be paid

We will not pay interest:

- 6.1 on money held for payment of a professional disbursement if the person to whom the money is owed has requested a delay in settlement.
- 6.2 if the sum calculated is less than £50 (for the full period during which we hold your money in our client account) as this is considered to be the administrative costs of dealing with the funds.
- 6.3 On an advance from us into our general client account to fund a payment on your behalf in excess of funds already held for you in that account.
- 6.4 If there is an agreement to contract out of the provisions of this policy as set out in section 7 below.

7. Contracting out

- 7.1 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.
- 7.2 When agreeing to contract out, we will:
 - 7.2.1 act fairly and in the best interests of any relevant client; and
 - 7.2.2 provide sufficient information to enable the client or third party for whom the money is held to give informed consent.

8. Monitoring and review

The firm's compliance officer for finance and administration (COFA) is responsible for this policy. The COFA will monitor compliance with this policy and will review this policy regularly—at least annually.