

Client Money Protection

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Background

- UKALA incorporated in 1997
- Dedicated to representing the interests of letting and management agents in the UK, whilst also safeguarding the interests of both landlords and tenants.
- Circa 900 member offices
- Client Money Protection included for last 7 years

What is Client Money?

- Clients' Money is any money received and held by a firm on behalf of its client.
- Examples include:
 - Tenants' deposits • Rents • Service charges
 - Arbitration fees • Fee money taken in advance •
 - Clients' Money held but due to be paid to contractors •
 - Money held by members appointed as a Receiver
 - Sale proceeds

What is Client Money Protection?

- £billions of tenants' and landlords' money is held by letting agents
- CMP is a product which protects against the loss of, or attempt by the letting agent to fraudulently use client money such as rent and deposits
- The beneficiaries of a CMP scheme are not the agents, but the consumers / clients of an agent

Why should it be “protected”

- Around 60% of agents in the UK felt it was worth voluntarily joining a scheme to reassure their clients
- Government recognised a risk to landlords losing their most valuable asset and tenants then losing their home, in the event of misappropriation or theft by agents not covered by a scheme
- CMP became mandatory for letting agents April 19

What the law requires of an agent

- hold client money in a client money account
- hold and maintain appropriate PII
- have appropriate client money handling procedures
- display an approved CMP scheme certificate
- provide a copy certificate to persons who reasonably require it, free of charge
- *Note: This is separate from requirements to protect deposits*

How to gain CMP

- Apply to a government authorised scheme, that will audit the agent to ensure compliance with the legal requirements and any additional requirements of the scheme and their insurer
- The 6 authorised schemes are currently run by;
Client Money Protect; Money Shield; NALS Client Money Protection; Propertymark; RICS; UKALA Client Money Protection

Are all schemes the same?

- All approved schemes have been scrutinised by the Ministry of Housing, Communities & Local Government
- Terms, conditions & limits differ between schemes
- Block management may not be covered by some schemes
- UKALA has provided for “Total Loss” since 1st January 18

Any Questions?

