Client Money and the Client Account

Codes 62 to 69 set standards to be met in the management of finances.

The OISC considers clear and comprehensive financial management to be a key indicator of an organisation’s fitness.

This guidance describes how your organisation should deal with ‘client money’.

‘Client money’ is defined as money that belongs to the client and not the organisation.

Examples of client money include:

- Future client disbursements, for example, Home Office fees
- Fees paid by the client to your organisation for work not yet done by the organisation

Code 62 directs that organisations must submit a written invoice to the client when payment is required.

Code 63 states that where the client has given prior authorization for payments to be made from a credit card or debit card, fees invoiced may only be taken by the organization seven days after the invoice has been provided to the client.

Code 64 directs that fees received from clients must be recorded, as must all transactions involving each client. Clients should pay third party fees, such as Home Office application fees, direct to the third party. Where it is necessary to hold client money, whether for third party fees or payment in advance for work not yet done, it must be held in a client account separate from your business account.

You must understand that it is not sufficient for an organisation simply to operate two business accounts and call one of them a client account without the bank knowing this.

Your bank must know that the account used to keep client money is your client account. Your organisation must have evidence that the account holding client money has been designated as such by the bank.
If you do not intend to take deposits and will only invoice clients after work is completed, you do not need to have a client account.

Code 65 directs that organisations must promptly return to the client any remaining money in the client account at the end of the client’s case or when the client has decided to terminate their instructions or the organisation has withdrawn from the case.

Code 67 directs that organisations which take monies and/or fees must provide written receipts for the money taken and keep accurate accounts, including a written record of every transaction undertaken for each of its clients.

Code 68 directs that organisations must maintain complete, clear and accurate financial records and the Commissioner must be given access to all financial records.

For guidance on Codes 63-69 organisations are referred to the Commissioner’s guidance note on fees and accounts.

Below is a suggested ‘Model Document’ that you can use as you Client Account Procedure. Please ensure it reflects how your organisation intends to operate.
OISC Model Document

Client Account Procedure

ABC Immigration hold a client account with XYZ Bank of London.

This account is called ABC Immigration’s client account.

ABC Immigration have informed XYZ Bank of London that this account has been designated as their organisation’s client account.

ABC Immigration has a client account paying-in book, a chequebook and will keep all client account bank statements. All monies coming in and out of ABC Immigration’s client account will be supported by the relevant documentation, which includes organisational ledgers, receipts and invoices.

Fees paid to ABC Immigration for work not yet done

All payments including deposits made by a client to ABC Immigration in advance of work to be done will be:

- Deposited into the client account and not the business account
- On completion of the work, the organisation will invoice the client providing details of the work done, the cost and confirmation that the relevant payment will be transferred from the client account to the organisation’s office account.
- If a client withdraws their instructions, or if ABC Immigration withdraws from the case, the client will be invoiced for the work completed on their case to date by ABC Immigration.
- If the fee charged to the client by ABC Immigration, is less than the amount held in the client account, the balance will be returned to the client.

Advance payments to be made on behalf of a client (E.g. disbursements)

Wherever possible, disbursements and payment of fees to government departments, Tribunals, local authorities and similar bodies will be made by the client direct to those authorities.
If this is not possible, these payments will be paid into the client account until required. These payments will remain in the client account until they are needed for the disbursement to the relevant authority. If ABC Immigration pays the client’s disbursement from the office account, then the payment will be transferred from the client account to the office account.

If ABC Immigration receives an advance payment that is a mixture of the organisation’s fees and disbursements, the whole amount will be paid into the client account. ABC Immigration will transfer the fee into the office account once it has completed the relevant work.

If a client withdraws their instructions or if ABC Immigration withdraws from the case before a disbursement has been paid, the client will be refunded all outstanding funds that ABC Immigration is holding in the client account.

**Refunds**

- If a refund is due to the client, ABC Immigration will ensure the refund is paid from the correct bank account.

- ABC Immigration will keep a record of all refunds. This includes any credit note issued which will be produced whenever a client receives a refund.

- If ABC Immigration makes a refund to a client, a copy of the credit note issued to the client will be retained on the client’s case file in order for there to be a clear financial audit trail.

- ABC Immigration will provide all clients with details of their financial transactions with it on request.

- ABC Immigration will ensure that it keeps written details and records of all transfers into and out of the client account. This will be done using its accountancy package, client and office ledgers, receipts, invoices, paying in books and chequebooks as appropriate.

- These records will be available for inspection by the Commissioner.

- ABC Immigration will reconcile the client bank account with its ledger account for all clients on a monthly basis. Evidence of this reconciliation having taken place will be evidenced in writing.
OISC Model Documents

- ABC Immigration will ensure that records of the client and office accounts are included in its annual accounts and prepared for submission to the OISC.

- The sums maintained in the client and office accounts will correspond to the ABC Immigration’s assets and liabilities.