Client Money Handling and Controls Procedure

Company: Property Smart London Ltd
Review frequency: Annually or following a material change to the client money process

1. Purpose

This procedure sets out how Property Smart London Ltd safeguards, records and controls client money received through its lettings, property management and any other agency activities in which client money is held.

2. Client Bank Accounts

Client money is held in commercial designated client accounts with Lloyds Bank plc, an authorised bank. The account title includes ‘Property Smart London Ltd’ and the word ‘Client’. Client money is kept separate from the company’s own business funds.

The company retains written confirmation from the bank that all money held in these accounts is client money and that the bank has no right of set-off or combination against the company’s business accounts. Client money remains available on demand without undue delay or penalty.

3. Access to Client Accounts

Access to client bank accounts is restricted to authorised persons.

- Online banking credentials must not be shared.
- Multi-factor authentication must be used where available.
- Access must be removed promptly when an authorised person’s access is no longer required.
- Client account access must only be used for legitimate business purposes.

4. Money Received

Client money received must be identifiable to the relevant landlord, tenant and/or property.

Rent and other client money received will be recorded in the appropriate landlord statement/client transaction record.

Unidentified payments will be investigated before the money is distributed. Client money received will normally be banked within two working days.

5. Payments to Landlords

Before transferring money to a landlord, Property Smart London Ltd will check:

- rent or other funds have cleared;
- applicable management fees and VAT have been correctly calculated;
- any authorised expenses or contractor payments have been accounted for; and
- the remaining amount due to the landlord is correct.

Payments will only be made to verified landlord bank details held on file. Money due to a client will be paid promptly and no later than one calendar month after it becomes due, unless lawfully retained or otherwise agreed in writing.

6. Changes to Landlord Bank Details

Requests to change landlord payment details must be independently verified using appropriate contact information already held on file wherever practicable.

Bank details must not be changed solely on the basis of an unexpected email requesting payment to a new account.

7. Management Fees

Management fees and applicable VAT may only be deducted from client money where permitted under the landlord’s signed Terms of Business.

The appropriate invoice/accounting record will be retained.

8. Contractor and Maintenance Payments

Payments for maintenance or contractor work from client money must be supported by an appropriate invoice or other payment record.

Where landlord approval is required under the Terms of Business, evidence of that approval will be retained.

Emergency expenditure will be handled in accordance with the authority provided within the landlord's Terms of Business.

9. Client Account Records

Property Smart London Ltd will maintain records showing money received and paid from each client account.

Records will include, as appropriate:

- date;
- description of transaction;
- money received;
- money paid;
- running/closing balance; and
- relevant reference or explanation.

The landlord statement may also serve as the transaction ledger where it contains the necessary transaction information.

10. Client Account Reconciliation

The Director prepares a reconciliation of every client bank account each month, comparing the bank statement balance, the cashbook or transaction record balance and the total of the individual client ledger balances.

Each reconciliation records:

the actual client bank balance;

the closing cashbook or transaction-record balance; and

the total of the individual client ledger balances,

with every difference clearly identified and investigated.

Within 10 working days of preparation, each reconciliation is independently checked and signed by an appointed checker who did not prepare it.

Supporting bank statements and relevant accounting records will be retained.

11. Bank Interest

Any interest credited to a client bank account will be recorded so that the client account continues to reconcile and can be attributed to the relevant client where applicable.

Unless a written agreement permits Property Smart London Ltd to retain interest, interest belongs to the relevant client and will be accounted for accordingly.

12. Discrepancies

Any unexplained difference identified during a reconciliation will be investigated promptly.

Client money records must not be altered simply to force a reconciliation to balance. Corrections must have a clear and traceable explanation.

Any material client-money issue will be escalated to a Director and handled in accordance with applicable Propertymark/CMP requirements.

13. Record Keeping

Property Smart London Ltd will retain appropriate client-money records, including where applicable:

- client bank statements;
- landlord statements/client transaction records;
- reconciliations;
- management fee/VAT invoices;
- contractor invoices;
- landlord expenditure approvals; and
- supporting evidence relating to other payments from client money.

Records will be stored securely, made available where legitimately required for audit, accounting or regulatory purposes, and retained for at least six years from the end of the accounting period to which they relate or from the date the relevant client account reaches a nil balance after the relationship ends, whichever is later.

14. Professional Indemnity Insurance

Property Smart London Ltd maintains suitable professional indemnity insurance appropriate to its activities and client-money responsibilities.

15. Responsibility

The Directors of Property Smart London Ltd are responsible for ensuring that this procedure is followed and reviewed periodically.

Approved by: Gurpinder Athwal

Position: Director

Date: August 2026

Next review date: August 2027

16. Publication and Copies

This procedure is published on the Property Smart London Ltd website. A free electronic or hard copy is available on request by emailing info@propertysmartlondon.com.

Propertymark Conduct and Membership Rules:
https://www.propertymark.co.uk/professional-standards/rules.html