

Chapter 11

Debt management client money chapter

11.4 Definition of client money and the discharge of fiduciary duty

- 11.4.1** **G** ■ CASS 11 provides important safeguards for the protection of *client money* held by CASS debt management firms that sit alongside the fiduciary duty owed by firms in relation to *client money*. ■ CASS 11.4.2 R to ■ CASS 11.4.4 G provide *guidance* and *rules* for when *money* ceases to be *client money* for the purposes of both those rules and of the fiduciary duty which CASS debt management firms owe to *clients* in relation to *client money*.
- 11.4.2** **R** *Money* ceases to be *client money* if:
- (1) it is paid to the *client*, or a duly authorised representative of the *client*; or
 - (2) it is:
 - (a) paid to a third party on the instruction of the *client*, or with the specific consent of the *client*; or
 - (b) paid to a third party further to an obligation on the *firm* under any applicable law; or
 - (3) it is paid into an account of the *client* (not being an account which is also in the name of the *firm*) on the instruction, or with the specific consent, of the *client*;
 - (4) it is due and payable to the *firm* for its own account;
 - (5) it is paid to the *firm* as an excess in the *client bank account* (see ■ CASS 11.11.12 R (2) and ■ CASS 11.11.23 R (3)).
- 11.4.3** **R** When a CASS debt management firm draws a cheque or other payable order to discharge its fiduciary duty to the *client*, it must continue to treat the sum concerned as *client money* until the cheque or order is presented and paid.
- 11.4.4** **G** *Money* is not *client money* when it is properly due and payable to the *firm* for its own account. The circumstances in which *money* may become due and payable to the *firm* could include when fees have become due and payable from the *client* to the *firm* under the agreement between the *client* and the *firm*.