

Chapter 13

Claims management: client money

13.7 Money due and payable to the firm

- 13.7.1 **R** *Money is not client money when it is or becomes properly due and payable to the firm for its own account.*
- 13.7.2 **G**
- (1) The circumstances in which *money* may be or become due and payable to the *firm* for its own account could include:
 - (a) when fees and/or third party disbursements have become due and payable to the *firm* for its own account under the agreement between the *customer* and the *firm*; and
 - (b) when *money* recovered for a *customer* or a sum in respect of damages, compensation or settlement of a *claim* is paid into a *client bank account* and the *firm* has agreed with the *client* that a proportion of the sum is to be paid to the *firm* for fees or in respect of liabilities the *firm* has incurred on behalf of the *customer*.
 - (2) The circumstances in which *money* is due and payable will depend on the contractual arrangement between the *firm* and the *client*.
- 13.7.3 **G** *Firms are reminded that when entering into or varying contractual arrangements with customers regarding circumstances in which money becomes properly due and payable to the firm for its own account, firms should comply with any relevant obligations to customers including the client's best interests rule and requirements under the Unfair Terms Regulations and the Consumer Rights Act 2015.*