

Chapter 13

Claims management: client money

13.9 Discharge of fiduciary duty

13.9.1 **G** ■ CASS 13 provides important safeguards for the protection of *client* money held by *firms* that sit alongside the fiduciary duty owed by *firms* in relation to *client* money. ■ CASS 13.9.2R to ■ 13.9.3R provide for when money ceases to be *client* money for the purposes of ■ CASS 13 and the fiduciary duty which *firms* owe to *clients* in relation to *client* money.

13.9.2 **R** *Money ceases to be client money if:*

- (1) it is paid to the *customer*, or a duly authorised representative of the *customer*; or
- (2) it is:
 - (a) paid to a third party on the instruction of the *customer*, or with the specific consent of the *customer*; 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 *customer* (not being an account which is also in the name of the *firm*) on the instruction, or with the specific consent, of the *customer*; or
- (4) it is due and payable to the *firm* for its own account (see ■ CASS 13.7.1R to ■ 13.7.2G); or
- (5) it is paid to the *firm* as an excess in the *client* bank account (see ■ CASS 13.10.15R(3)).

13.9.3 **R** When a *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.