

Chapter 11

Debt management client money chapter

11.8 Client bank account acknowledgement letters

- 11.8.1** **G** The main purposes of a *client bank account acknowledgement letter* are:
- (1) to put the *approved bank* on notice of a *firm's clients'* interests in *client money* that has been deposited with such *person*;
 - (2) to ensure that the *client bank account* has been opened in accordance with **■ CASS 11.9.3 R**, and is distinguished from any account containing money that belongs to the *firm*; and
 - (3) to ensure that the *approved bank* understands and agrees that it will not have any recourse or right against *money* standing to the credit of the *client bank account*, in respect of any liability of the *firm* to such *person* (or *person* connected to such *person*).
- 11.8.2** **R**
- (1) For each *client bank account*, a *CASS debt management firm* must, in accordance with **■ CASS 11.8.4 R**, complete and sign a *client bank account acknowledgement letter* clearly identifying the *client bank account*, and send it to the *approved bank* with whom the *client bank account* is, or will be, opened, requesting the bank to acknowledge and agree to the terms of the letter by countersigning it and returning it to the *firm*.
 - (2) Subject to **■ CASS 11.8.6 R**, a *CASS debt management firm* must not hold or receive any *client money* in or into a *client bank account* unless it has received a duly countersigned *client bank account acknowledgement letter* from the *approved bank* that has not been inappropriately redrafted and clearly identifies the *client bank account*.
- 11.8.3** **R** In drafting *client bank account acknowledgement letters* under **■ CASS 11.8.2 R** a *CASS debt management firm* is required to use the relevant template in **■ CASS 11 Annex 1 R**.
- 11.8.4** **R** When completing a *client bank account acknowledgement letter* under **■ CASS 11.8.2 R (1)** a *CASS debt management firm*:
- (1) must not amend any of the *acknowledgement letter fixed text*;
 - (2) subject to (3), must ensure the *acknowledgement letter variable text* is removed, included or amended as appropriate; and

(3) must not amend any of the *acknowledgement letter variable text* in a way that would alter or otherwise change the meaning of the *acknowledgement letter fixed text*.

11.8.5 **G** ■ CASS 11 Annex 2 contains *guidance* on using the template *client bank account acknowledgement letters*, including on when and how *firms* should amend the *acknowledgement letter variable text* that is in square brackets.

11.8.6 **R**

(1) If, on countersigning and returning the *client bank account acknowledgement letter* to a *firm*, the relevant *approved bank* has also:

(a) made amendments to any of the *acknowledgement letter fixed text*; or

(b) made amendments to any of the *acknowledgement letter variable text* in a way that would alter or otherwise change the meaning of the *acknowledgement letter fixed text*;

the *client bank account acknowledgement letter* will have been inappropriately redrafted for the purposes of ■ CASS 11.8.2 R (2).

(2) Amendments made to the *acknowledgement letter variable text*, in the *client bank account acknowledgement letter* returned to a *firm* by the relevant *approved bank*, will not have the result that the letter has been inappropriately redrafted if those amendments do not affect the meaning of the *acknowledgement letter fixed text*, have been specifically agreed with the *firm* and do not cause the *client bank account acknowledgement letter* to be inaccurate.

11.8.7 **R** A CASS *debt management firm* must use reasonable endeavours to ensure that any individual that has countersigned a *client bank account acknowledgement letter* that has been returned to the *firm* was authorised to countersign the letter on behalf of the relevant *approved bank*.

11.8.8 **R** A CASS *debt management firm* must retain each countersigned *client bank account acknowledgement letter* it receives from the date of receipt until the expiry of a period of five years starting on the date on which the last *client bank account* to which the acknowledgment letter relates is closed.

11.8.9 **R** A CASS *debt management firm* must also retain any other documentation or evidence it believes is necessary to demonstrate that it has complied with each of the applicable requirements in this section (such as any evidence it has obtained to ensure that the individual that has countersigned a *client bank account acknowledgement letter* that has been returned to the *firm* was authorised to countersign the letter on behalf of the relevant *approved bank*).

11.8.10 **R** A CASS *debt management firm* must, periodically (at least annually, and whenever it becomes aware that something referred to in a *client bank account acknowledgement letter* has changed) review each of its countersigned *client bank account acknowledgement letters* to ensure that they remain accurate.

- 11.8.11 **R** Whenever a *CASS debt management firm* finds a countersigned *client bank account acknowledgement letter* to contain an inaccuracy, the *firm* must promptly draw up a new replacement *client bank account acknowledgement letter* under **CASS 11.8.2 R** and ensure that the new *client bank account acknowledgement letter* is duly countersigned and returned by the relevant *approved bank*.
- 11.8.12 **G** Under **CASS 11.8.10 R**, a *CASS debt management firm* should obtain a replacement *client bank account acknowledgement letter* whenever:
- (1) there has been a change in any of the parties' names or addresses or a change in any of the details of the relevant account(s) as set out in the letter; or
 - (2) it becomes aware of an error or misspelling in the letter.
- 11.8.13 **R** If a *CASS debt management firm's client bank account* is transferred to another *approved bank*, the *firm* must promptly draw up a new *client bank account acknowledgement letter* under **CASS 11.8.2 R** and ensure that the new *client bank account acknowledgement letter* is duly countersigned and returned by the relevant *approved bank* within 20 *business days* of the *firm* sending it to that *person*.