

## Chapter 13

# Claims management: client money



13.5 Client bank account  
acknowledgement letters

13.5.1	G	<p>The main purposes of a <i>client bank account acknowledgement letter</i> are:</p> <ul style="list-style-type: none"><li>(1) to put the <i>approved bank</i> on notice of a <i>firm's clients'</i> interests in <i>client money</i> that has been deposited with such <i>person</i>;</li><li>(2) to ensure that the <i>client bank account</i> has been opened in accordance with ■ CASS 13.6.3R, and is distinguished from any account containing money that belongs to the <i>firm</i>; and</li><li>(3) to ensure that the <i>approved bank</i> understands and agrees that it will not have any recourse or right against <i>money</i> standing to the credit of the <i>client bank account</i>, in respect of any liability of the <i>firm</i> to such <i>person</i> (or <i>person</i> connected to such <i>person</i>).</li></ul>
13.5.2	R	<p><b>Requirement for and content of client bank account acknowledgement letters</b></p> <p>.....</p> <ul style="list-style-type: none"><li>(1) For each <i>client bank account</i>, a <i>firm</i> must, in accordance with ■ CASS 13.5.4R, complete and sign a <i>client bank account acknowledgement letter</i> clearly identifying the <i>client bank account</i>, and send it to the <i>approved bank</i> with whom the <i>client bank account</i> 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 <i>firm</i>.</li><li>(2) Subject to ■ CASS 13.5.6R, a <i>firm</i> must not hold or receive any <i>client money</i> in or into a <i>client bank account</i> unless it has received a duly countersigned <i>client bank account acknowledgement letter</i> from the <i>approved bank</i>. The letter must not have been inappropriately redrafted and should clearly identify the <i>client bank account</i>.</li></ul>
13.5.3	R	<p>In drafting <i>client bank account acknowledgement letters</i> under ■ CASS 13.5.2R a <i>firm</i> is required to use the relevant template in ■ CASS 13 Annex 1R.</p>
13.5.4	R	<p>When completing a <i>client bank account acknowledgement letter</i> under ■ CASS 13.5.2R(1) a <i>firm</i>:</p> <ul style="list-style-type: none"><li>(1) must not amend any of the <i>acknowledgement letter fixed text</i>;</li><li>(2) subject to (3), must ensure the <i>acknowledgement letter variable text</i> is removed, included or amended as appropriate; and</li></ul>

- (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*.

- 13.5.5** G ■ CASS 13 Annex 2G 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.

### Countersignature by the bank

- 13.5.6** 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 13.5.2R(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:
- (a) do not affect the meaning of the *acknowledgement letter fixed text*;
  - (b) have been specifically agreed with the *firm*; and
  - (c) do not cause the *client bank account acknowledgement letter* to be inaccurate.

- 13.5.7** R A *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*.

### Retention of client bank account acknowledgement letters

- 13.5.8** R A *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.

- 13.5.9** R A *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*).

**Review and replacement of client bank account  
acknowledgement letters**

- 13.5.10** **R** A *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.
- 13.5.11** **R** Whenever a *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 13.5.2R** and ensure that the new *client bank account acknowledgement letter* is duly countersigned and returned by the relevant *approved bank*.
- 13.5.12** **G** Under **■ CASS 13.5.10R**, a *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.
- 13.5.13** **R** If a *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 13.5.2R** 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*.