

PAYMENT OF INTEREST ON CLIENT ACCOUNT POLICY

1. Introduction

- 1.1. This document sets out the policy of Trethowans LLP (“Trethowans”) pursuant to the current SRA Accounts Rules
- 1.2. Trethowans will account to clients for interest when it is fair and reasonable to do so, subject to the provisions of this Policy.
- 1.3. A distinction is made on Trethowans’ payment of interest between individual (consumer) private clients as compared to commercial businesses whom are generally of the status and bargaining power to negotiate with Trethowans over the terms of engagement and the provisions of Trethowans’ letter of engagement.
- 1.4. Trethowans’ current bank is Handelsbanken. This policy will need to change if and when Trethowans’ bank changes.

2. Generally

- 2.1. No interest will be paid to any client when the interest accrued at the Rate is less than £20. The justification for this is that Trethowans’ administrative expenses in calculating such interest would exceed any interest that would be paid below this de minimis level.
- 2.2. Any interest payable pursuant to this Policy shall be at The Handelsbanken Commercial Deposit Account rate at the relevant time (“the Rate”)
- 2.3. Any interest payable pursuant to this Policy will reflect the sum held and the length of time for which cleared funds were held (for example a modest sum held for a number of months may result in interest being payable to the client as compared to say £1million being held for one day).
- 2.4. No interest will be due in any event where client funds remain uncleared by Trethowans’ bank or are not released unconditionally to Trethowans (e.g. were “held to order” of another law firm).
- 2.5. Stakeholder Funds – where funds are held by Trethowans pursuant to a stakeholder account (normally jointly for the client and a third party) no interest can be payable to the clients unless the contractual documentation regulating the stakeholder fund permits this. Where Trethowans acts as a stakeholder it is permitted to deduct its reasonable administrative charges for acting as stakeholder unless the contractual documentation relating to the stakeholder fund prohibits this.
- 2.6. Interest Rates – the Rate defined above reflects the fact that the SRA requires any firm of solicitors to maintain client account monies upon an instant access basis.
- 2.7. No interest shall be payable to any client whilst:-
 - a) there are any outstanding fees due to Trethowans by the client;
 - b) in the event that the client has a persistent record of not settling Trethowans’ invoices in full within 30 days of issue of invoices during a period of 2 years for the interest accrued (to reflect the firm’s additional costs pursuing those unpaid debts and additional charges or interference of cash flow experienced by Trethowans as a result)
- 2.8. If it is reasonable, Trethowans may deduct its reasonable administrative charges for calculating interest (e.g. where there have been a number of interest rate changes of the Rate during the period the interest has accrued and/or additional bank charges incurred by Trethowans for calculating the interest accrued).

- 2.9. Trethowans may set off against any interest accrued to a client such interest charged on Trethowans' office account (or which would have been charged equivalent to the Rate) for any disbursements incurred by Trethowans on behalf of the client.

3. Contracting Out

3.1. Individual (Consumer) Private Clients

No Contracting Out – subject to the express provisions of this Policy there shall be no contracting out by Trethowans of the payment of interest on client account monies to individual (consumer) private clients

3.2. Commercial (Non-Consumer) Clients

In respect of commercial (non-consumer) clients which would normally be corporate (not individual) entities no interest shall be payable where any interest accrued at the Rate does not exceed £500. Such a Policy reflects the greater bargaining power and status of those commercial clients who are able to give informed consent on the basis of accepting Trethowans' retainer pursuant to the relevant letter of engagement agreed by them. Also by adopting such Policy this allows Trethowans to maintain competitive fee rates. Any commercial (non-consumer) clients may request in writing that the same client account interest policy applies to them as does all individual (consumer) private clients; in such an event Trethowans reserves a right to increase the level of its profit costs.

Policy reviewed and adopted by the Board

Date of review: 2016