

**POLICY AND PROCEDURES FOR SETTING UP DIRECT DEBITS
ON A CLIENT ACCOUNT**

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Related documents:	<ul style="list-style-type: none">• Policy and Procedures for Payments out of a Client Bank Account• Policy and Procedures for Direct Debits out of Client Bank Accounts• Policy and Procedure for the Receipt of Client Money		

1. Introduction

The firm is obliged to have written procedures on the handling of client and firm money in order to comply with RICS regulations and the provisions of its PI policy. The firm also wishes to ensure that there is a culture of best practice in the handling of client and firm money throughout the firm. These procedures deal with payments made out of a client bank account. There are separate procedures for the receipt of client money.

2. Background

There are two types of client bank account that CKD operates; non-discrete and discrete. Non-discrete accounts are not operated solely by CKD and others have access/are signatories. Typically, this would be the client or the client's accountant. Direct debits on such accounts are permissible; indeed, they may have been set up by the client/ client's representative. Discrete accounts are operated solely by CKD on behalf of the client and are bound by RICS regulations. Discrete accounts are not permitted to be overdrawn under RICS regulations. Direct debits could cause an account to be overdrawn as the timing of the direct debit is governed by the bank and not CKD. As a result, we are not permitted to set up a direct debit on a discrete client bank account without the prior written permission of the client.

3. Procedure

- Issue a direct debit letter to the client detailing the account name, the direct debit and the risks involved in operating a direct debit on a discrete client account.
- Get the client to sign and return the authorisation section of the letter.
- Both the letter issued to the client and the client's authorised reply should be retained for CKD's records

A copy of a sample letter is attached in the appendix to this procedure and is the format that should be used.

4. Data Protection

All personal data will be stored in accordance with the firm's obligations under the Data Protection Act.

5. Auditing

This procedure will be subjected to both internal and external auditing on a regular basis and will also form part of any RICS finance audit. Non-compliance by a member of staff may be dealt with as a disciplinary matter.

6. Review

This procedure will be reviewed at appropriate intervals.

Appendix: Direct Debit Letter – Discrete Client Bank Account

Dear Client,

Account Name

Sort Code:

Account Number:

We are required by the Royal Institution of Chartered Surveyors (RICS) to seek written permission before setting up a direct debit on the above named discrete client account.

The purpose of this letter is to highlight the potential risk involved of operating a direct debit. The direct debit referred to is listed below.

As we manage the account on your behalf, it is our duty to ensure that cleared funds are available to meet the direct debit payments. We will, of course, do everything we can to ensure that is the case. However, should we fail to do so, for whatever reason, we will fund the overdrawn position until the account returns to a positive position.

Your written permission is required to show that you are aware of this risk, and accept it. If that is the case, please reply to this letter, using the template provided.

Direct debits referred to:-

xxxxx

Yours sincerely,

CKD Partner

Client's Authorisation (sent out with the letter and to be returned to CKD)

Dear CKD Partner

Account Name

Sort Code:

Account Number:

I refer to your letter *dated xx/xx/xx* and confirm my permission to operate a direct debit from the account named above.

Direct debit referred to:-

xxxxx

Yours sincerely,

Client