



Client Money Protection Scheme Rules

Administered by



Contents

A. Introduction and Status	4
B. Purpose	5
C. Membership Joining Criteria	6
D. Membership Conditions	7
E. Handling of Client Money	9
F. Subscriptions and Fees	10
G. Renewal of Membership	11
H. Membership Cancellation/Expiry	12
I. Exclusions	13
J. Subrogation and Recoveries	14
K. Confidentiality and Use of Data	15
L. Service Complaints Concerning the Scheme	16
M. Miscellaneous Provisions	17
Glossary	18

Introduction

A word from our Chief Executive Officer

Client Money Protect (CMP) is a government approved Membership scheme that protects any money held by our Members on behalf of their clients should the Member misappropriate it.

Members of our Scheme do not purchase their own insurance policy, rather it is the Scheme that is insured and claims for missing money are made against the scheme by the Member's clients. Client Money Protect is not a trade body and therefore has no 'Codes of Conduct' covering other aspects of the letting process and we undertake no industry lobbying or setting of rules and guidelines. Our only focus is the provision of client money protection to the lettings industry and the transparency and promotion of this important protection to the wider landlord and tenant community.

Members of Client Money Protect must complete our joining process which involves the collection and checking of data that enables us to accept an agent into the Scheme. We expect all of our Members to adhere to our terms and conditions of Membership which relate to the adequate holding of client monies and the promotion of the Membership standards to its clients.

These Rules outline the standards expected by our Members and how clients' of the Member may bring about a legitimate claim against the Scheme.

Client Money Protect is part of the Hamilton Fraser Group who, since 1996, has been providing insurance and complaint management products to the private rented sector through brands such as mydeposits (tenancy deposit protection), the Property Redress Scheme and Total Landlord Insurance. For more information visit www.hamiltonfraser.co.uk.

I thank you for joining our Scheme which will enable you to fulfil your legal obligations surrounding the protection of your client monies.



Eddie Hooker (CEO – Client Money Protect)

Client Money Protect

Premiere House, 1st Floor, Elstree Way, Borehamwood WD6 1JH

info@clientmoneyprotect.co.uk

0333 321 9414



A. Introduction and Status

1. CMPProtect Limited T/A Client Money Protect (“CMP”) is a client money protection membership scheme (“the Scheme”) that protects client money held by our Members.
2. CMPProtect Limited is a 100% owned subsidiary of HFIS plc T/A Hamilton Fraser.
3. These Scheme Rules set out the operation of the Scheme, the basis upon which Members join and the conditions of membership of the Scheme, how we expect our Members to manage client money and how the operation of the Scheme provides compensation to the clients of our Members.
4. The Scheme is a Government-approved Client Money Protection Scheme under the ‘The Client Money Protection Schemes for Property Agents (Approval and Designation of Schemes) Regulations 2018’. The Scheme is also recognised by the Scottish Government and the Welsh Assembly.
5. From 1st April 2019 it is a legal requirement under ‘The Client Money Protection Schemes for Property Agents (Requirement to Belong to a Scheme etc.) Regulations 2018’ for all letting and property management agents in England to join an approved Client Money Protection Scheme.
6. The Scheme is administered by HFIS plc T/A Hamilton Fraser.
7. CMP is an Appointed Representative of HFIS plc T/A Hamilton Fraser who are authorised and regulated by the Financial Conduct Authority.
8. Members are purchasing a Membership of the Scheme, they do not purchase an insurance service. The Scheme is the insured entity.

B. Purpose

1. The main purpose of the Scheme is to:
 - a) Allow property agents to comply with their legal responsibility to comply with the Housing and Planning Act 2016, Letting Agent Registration (Scotland) Regulations 2016 and/or Housing Act (Wales) 2014.
 - b) Compensate the losses of Scheme Member clients who suffer as a result of misappropriation of client money by the owners or principals of the Member;
 - c) Actively assist in and contribute to raising standards in the industry in relation to the handling of client money by highlighting and promoting best practice in the handling of client money, identifying bad practice and helping to eliminate it.
2. The Scheme is not a regulator and does not have the authority to take any regulatory or criminal action against a Member.

C. Membership Joining Criteria

To become a Member of the Scheme you must:

1. Complete the application form, confirm to adhere to the latest version of the CMP Scheme Rules, specifically in regards to the handling of client money in Section E, and provide all the required documents and information to the Scheme; and
2. Provide a copy of the Member's Professional Indemnity Insurance policy that is appropriate for the size of the firm, income, type of work and the amount of client money held with the limit of indemnity no less than £100,000. CMP also recommends crime cover which will protect the agent in the event of employee theft; and
3. Provide evidence of designated segregated client account(s) with a bank or building society authorised by the Financial Conduct Authority. For monies held to be easily identifiable, CMP recommends that deposits and rents are split and kept in separate client accounts; and
4. Provide three months original bank statements from your client account(s) showing all client money transactions i.e. deposits, rents, maintenance; and
5. Provide evidence of the number and amount of Security Deposits currently protected in an authorised government tenancy deposit protection scheme (both insurance and custodial as appropriate); and
6. Be a Member of a government authorised consumer redress scheme, such as The Property Redress Scheme or The Property Ombudsman or The First Tier Tribunal (if based in Scotland); and
7. Agree to the Scheme carrying out a credit check on you or your business with recognised credit checking agencies and for the Scheme to monitor your credit score and rating throughout your membership subscription; and
8. Register all offices/branches with the Scheme which have a valid address within the UK, Channel Islands or IOM which is not a PO Box.
9. If you have additional offices/branches which manage their own individual client account(s) i.e. not held centrally at a single Head Office location, then those offices must join the Scheme under a separate membership; and
10. Register different legal entities including franchises separately even if operating under one central client bank account and pay the relevant fee for each membership; and
11. Not have been refused or excluded from membership of this, or any other approved client money protection scheme without first informing us and providing full disclosure on the reasons for your exclusion; and
12. Not have managers, directors, owners or shareholders that have been associated with a business that has been removed from an approved client money protection scheme, previously suffered any money misappropriation or dishonesty incidents or who have been convicted of any finance related criminal offence, have any criminal prosecutions pending and are not aware of any fact, circumstance or incident that may prevent the paying back of client money held, unless otherwise agreed by the Scheme in writing.

D. Membership Conditions

Members of the Scheme must:

1. Apply to join by completing either the online or paper based application form and confirm adherence to CMP's client money handling procedure guide;
2. Pay all required membership fees when due and on time;
3. Handle client money in accordance with Section E of the Scheme Rules;
4. Prominently display the Scheme's window sticker and membership certificate in all member offices;
5. Display the Scheme's logo on their company letterhead and website;
6. Publish procedures for handling client money on their website (if any) and provide a copy to anyone who reasonably may require a copy. The Scheme provides a client money handling procedure document which members are required to adhere to.
7. Update the Scheme with written notification as soon as possible if there are any changes to any of the information provided in their original application form or client money questionnaire;
8. Agree to their firm name (both legal entity and all trading names) and contact details being published on the Scheme's website which will confirm membership of the Scheme to the general public and also any expiry date if you are no longer a Member;
9. Provide clients with a copy of the Scheme's guidance for clients which are available in the member area of the Scheme's website;
10. Agree to cooperate fully with any audit or investigation by the Scheme, or our appointed auditors, by providing required documents and which could include onsite visits;
11. Have a working telephone contact number and email address that are registered to the business that is the member of the Scheme;
12. Respond to all Scheme communications when requested to do so;
13. Inform the Scheme if there is any change to its legal entity. Membership is not transferable to a new legal entity and the Member must inform us and obtain a new membership using the correct company information and by paying the required fees;
14. Not suffered or be aware of any incident involving theft or misappropriation of client money and be free of any petition to wind up, liquidation, receivership, voluntary arrangement with creditors or any other insolvency order or arrangement for the duration of their membership;

15. Hold and maintain professional indemnity insurance cover that is appropriate for the member's size income, type of work and the amount of client money held.
16. Inform the Scheme if there has been any misappropriation, dishonesty or any other matter that might prevent the Member from being able to return client money to its clients.

The Scheme reserves the right to reject any application or renewal of membership if we consider that you cannot or do not comply with these client money handling conditions.

The Scheme reserves the right to request evidence of compliance of client money handling or to conduct a physical audit of your procedures which will be at the member's own expense.

E. Handling of Client Money

Members of the Scheme must train all staff in these rules:

1. Have separate client bank accounts solely for the use of all client money;
2. Only hold client monies in UK banking institutions authorised by the Financial Conduct Authority and that are covered by the Financial Services Compensation Scheme and ensure that funds are available within a maximum of 31 days.
3. Have the title of their client money bank account easily distinguished from other accounts of their firm with the words 'Client Account' clearly stated;
4. Have written confirmation from their bank(s) that all client money is held by your firm as an agent and that the bank is not entitled to combine the client money account(s) with any other account or to exercise any right of set-off or counterclaim against money in that account in respect of any sum owed to it on any other account by the firm;
5. Have and maintain relevant systems and controls which enable you to monitor and manage client money transactions and any credit risk arising, including but not limited to regular internal account audits;
6. Have accounting systems and client data securely controlled and protected;
7. Obtain clients' written approval to make payments from their accounts;
8. Pay all client monies into the firms designated client money bank account within three (3) business days of the money being received into the firm;
9. Nominate authorised staff to handle client money;
10. Ensure records show all dealings with client money;
11. Ensure that all procedures for handling client money are complied with and clearly written down and provided free of charge to your clients, preferably in your terms of business or management agreement;
12. Reconcile client accounts together with bank and cash balances at regular intervals in order to demonstrate control over the accuracy and completeness of accounting records;
13. Ensure there are sufficient funds in the client account to pay amounts owing to clients as they fall due under the Members' terms and conditions of engagement with the client;
14. Repay any client money, including where feasible any interest earned, without delay if there is no longer any requirement to retain that money or the client requests it.

F. Subscriptions and Fees

Scheme Members agree to:

1. Pay a membership fee for a period of 12 calendar months from the date the Scheme notifies the member of their acceptance into the scheme;
2. Pay all membership fees upfront or as agreed;
3. Pay all costs for any additional information reasonably requested by the Scheme (e.g. client money audit).
4. After the first 14 days there will be no refund of membership fees if either the Scheme or the Member cancels their membership. If the cancellation falls within the first 14 days of membership a full refund will be made.

G. Renewal of Membership

For the Scheme to offer renewal terms the Member agrees to:

1. Complete and provide all renewal documentation required upon notification of renewal by the Scheme;
2. Accept any renewal terms offered and pay the renewal fee as agreed upon confirmation from the Scheme of the renewal acceptance for a period of 12 calendar months;

H. Membership Cancellation/Expiry

By the Member:

1. A Member may cancel membership at any time by providing us with 14 calendar days prior written notice providing no compensation claims have been received and they can provide proof that client money is no longer held or that they have joined another approved client money protection scheme;
2. The Member will not be entitled to a refund of any membership fees following cancellation of membership, unless the membership is cancelled within 14 calendar days from inception of membership.

By the Scheme:

3. The Scheme may cancel a Member's membership for any material non-disclosure, misrepresentations by the member or an adverse audit result by giving the member 14 calendar days' notice explaining the breach and reasons for membership cancellation. Should the breach be remedied within this time period the scheme may agree to continue the Member's membership of the Scheme. The decision of the Scheme as to continuation of membership will be final and will not be able to be challenged by the member.
4. The Scheme may cancel membership for non-payment of any membership fees by giving 14 calendar days' notice.
5. Where the Scheme cancels / removes a Member from the Scheme for breaching the Scheme Rules or an adverse audit result then the Scheme will display the Member's Firm on the Scheme's Cancelled Agents list which is a public page on the Scheme's website.

General:

6. When a membership is cancelled by the Scheme or the member, the Scheme will inform Trading Standards, authorised redress schemes, authorised deposit protection schemes, property portals and any other relevant government body including other approved client money protection schemes.
7. Upon cancellation of membership by either the Scheme or the Member, the Scheme will accept all compensation claims from the Member's clients for 365 days following the date of cancellation but only in respect of client monies that were held by the Member at the time they were a Member of the scheme.
8. Notwithstanding Rule H7, if the Member has moved to another approved client money protection scheme, no compensation claims will be accepted by the Scheme and Consumers will be directed to the new client money protection scheme.
9. The Scheme reserves the right to check with other approved client money protection schemes as to whether the Member has joined them and the date the new membership commenced.

I. Exclusions

The Scheme will:

1. Only investigate claims/complaints relating to the misappropriation of client money and reserves the right to pass all other claims/complaints to the relevant redress scheme or advise the Consumer to go to court.
2. Decline claims relating to a client money dispute where such monies continue to be held securely by the Member or have been returned to the client.
3. Decline client money claims which relate to deposits taken on assured shorthold tenancies that have been protected by an authorised Tenancy Deposit Protection Scheme (“Security Deposits”) unless that Scheme cannot pay the Consumer the due amount because of restrictions on their Scheme Rules, or if the authorised Tenancy Deposit Protection scheme insurance cover has been exhausted.
4. Decline a claim which is relating to misappropriation/theft of client money by employees of the Member’s Firm as this will be covered by the Member’s Professional Indemnity policy unless that Professional Indemnity policy limit has been exhausted or the insurers of that policy refuse to settle a claim.
5. Decline a claim where the loss occurred more than 365 days after the Scheme’s notification of misappropriation by a Member.
6. Decline a claim where the claim for compensation under the Scheme was made before the Member first protected any client money under the Scheme.
7. Decline a claim arising from war, terrorism, confiscation or nuclear risks.

J. Subrogation and Recoveries

1. On payment of a loss, the Consumer shall subrogate to the Scheme all rights of recovery against the Member and its Officers so that the scheme can pursue the Member and any relevant person or entity. The Consumer also agrees to co-operate with any legal process that the scheme engages in, including providing a witness statement and evidence of the loss.
2. As well as holding adequate Professional Indemnity Insurance the Scheme also recommends Members purchase adequate employer's liability, public liability, cyber and directors/officers Insurance to cover the business from losses occurring as a result of employee or other external factors causing loss or the business to fail.
3. In the event that a Member has joined more than one approved client money protection scheme, the Scheme reserves the right to subrogate any losses in full or in part against the other licensed client money protection scheme.

K. Confidentiality and Use of Data

1. The Scheme, Hamilton Fraser and its' insurers may use any information provided by the Consumer or Member in its consideration of a potential claim, provided it is for the express purpose of dealing with that claim.
2. The Scheme may refuse to disclose information to either the Consumer or the Member if in its reasonable opinion, it is not relevant to the consideration of the claim.
3. The Scheme will always consider any specific request for disclosure of information received from third parties such as the police or trading standards.
4. The Scheme processes data in accordance with our privacy policy which can be found on our website
5. The Scheme may share data with HFIS plc T/A Hamilton Fraser in order to offer the Member additional insurance related products that will help the Member comply with both the Client Money Protection Regulations and these Scheme Rules such as employer's liability, public liability, cyber and directors/officers Insurance and other related products. The Scheme or HFIS plc T/A Hamilton Fraser shall only use such data in compliance with the current relevant legislation.

L. Service Complaints Concerning the Scheme

1. Our aim is to provide a first class service to all Members and Consumers and do everything we can to ensure that you are satisfied. However, if you feel that we have fallen short of this standard and you wish to complain, you should do so in writing to:

Complaints@clientmoneyprotect.co.uk or by post to:

Client Money Protect | CMP
First Floor, Premiere House
Elstree Way
Borehamwood
WD6 1JH

2. If the complaint cannot be resolved to the complainant's satisfaction within three business days of receipt they will receive formal written acknowledgement within five business days of receipt.
3. We aim to resolve complaints within 8 weeks, if we expect it to take longer to provide a full response then we will contact the complainant and explain why and confirm when they can expect to receive the final response.
4. After sending the final response we may deem the complaint closed. If we deem the matter closed then we reserve the right not to enter into any further correspondence.

M. Miscellaneous Provisions


The following miscellaneous provisions apply:

1. These Scheme Rules may need to be updated from time to time. Notices of any significant changes will be posted on our website, in newsletters and by email where the Member has provided us with an email address.
2. The Member agrees to abide by the latest version of the Scheme Rules notwithstanding any earlier version which were in force when joining the Scheme.
3. The Scheme will take appropriate action if we have any concerns about a Member's compliance with these Scheme Rules, their identity or any fraud or money laundering.
4. The Scheme cannot be held responsible for intervening events beyond our control which prevent, delay or impede our ability to operate the Scheme or Scheme Rules.
5. The Scheme is not responsible for the Member missing a Scheme email when the message was received into the Member's spam email inbox. The Member is responsible for adding the Scheme email address to their 'safe sender' list if necessary.
6. The Member agrees to receive periodic newsletters from the Scheme informing them of relevant industry activity.

Definitions

Consumer	A client of the Member who raises a claim for compensation under the Scheme Rules.
Client	Any person or body for whom the Member Firm or Client Accounting Service Provider holds or receives Client Money (which may include a landlord or tenant, purchaser, vendor or contractor); including past, present and prospective Clients.
Client Money	Client Money is money that a Firm holds or receives for or from a client and can be of any currency. This could be in the form of cash, draft, cheque or electronic transfer and includes money held by the Firm as stakeholder, and which is not immediately due or payable on demand to the Firm for its own account. For example, rent and/or deposits.
Client Money Account	A segregated and ring-fenced client money account with a UK clearing bank or building society which is free of lien, charge or adverse claim and is retained for the specific purpose of holding client money only.
Credit Check	An examination of a firm's credit history using an approved credit referencing agency authorised and regulated by the Financial Conduct Authority.
Member	A property agent who is an active member of the scheme.
Misappropriation	The taking of money that does not belong to you, without permission, to use for your own purposes.
Redress Scheme	A UK Government approved consumer redress scheme for Property Agents and Professionals.
Security Deposit	Any money intended to be held on behalf of a Landlord or otherwise as security for the performance of any obligations of the Tenant or the discharge of any liability of his arising under or in connection with the Tenancy.
Scheme	CM Protect Limited t/a Client Money Protect and/or HFIS Plc t/a Hamilton Fraser as appointed scheme administrator.
Tenancy Deposit Scheme	A Government authorised Scheme in place to protect Tenant's security deposits.
We/Us/Our	The Scheme – CM Protect Limited t/a Client Money Protect and/or HFIS Plc t/a Hamilton Fraser as appointed scheme administrator.

Contact Us

 0333 321 9414

 info@clientmoneyprotect.co.uk

 www.clientmoneyprotect.co.uk

Follow Us



@clientmoney



Administered by



CM Protect Ltd is an Introducer Appointed Representative of HFIS plc who are authorised and regulated by the Financial Conduct Authority. Registered in England 8564332 | VAT No 893 9729 49