

**Professional firms are required to return balances on client accounts as soon as there is no longer a proper reason to retain them. Dorset Community Foundation (DCF) can transform unclaimed balances into an asset for the community.**

Guidelines from the Solicitors Regulatory Code of Conduct Rules (20.1.j) state that where client monies that cannot be traced and returned to the client, they can now be paid to a charity. As well as a firm's compliance obligations, it can be in their interests to ensure that residual client balances are used to support a charity, rather than remaining inactive and subject to audit each year.

## **What are residual client balances?**

There may be an unclaimed amount held on client account for a number of reasons. For example:

- The rightful owner cannot be traced, or will not provide instructions on how the funds should be dealt with
- Monies returned to the client have not been cashed

As long as the firm has made adequate attempts to ascertain the proper destination of the money, the SRA mandates that where it is unclaimed, it should be paid to a charity. The SRA may require the firm to obtain an indemnity from the beneficiary charity, in case the original owner should seek recompense.

## **Why choose OCF as the beneficiary charity?**

DCF is a registered independent charity (Reg. Charity Number 1122113) with over 16 years' experience of directing local charitable funds to community organisations that are making the biggest difference in Dorset.

Community foundations are uniquely placed to help firms deal with residual client balances, because we can ring fence funds for your firm. DCF will sign an indemnity and repay the funds should your client contact you and ask that the monies should be returned.

We work across a range of themes; firms can be assured that any residual client balances are having an impact across a spread of different causes. The exact type of organisation and cause to be supported can be selected by you and your team according to your charitable objectives, or can be left open.

DCF is also part of a network of 46 accredited community foundations across the UK, so where a firm operates across different regions, we can enlist our fellow community foundations to ensure any charity donations have the appropriate geographical reach.

## **How does it work?**

DCF handles all cases sensitively and in confidence. Any residual client balances held that are below £500 in relation to any one individual client or trust matter can be transferred to DCF immediately. For amounts over £500, authorisation is required from the SRA. The application form and guidance can be found at [www.sra.org.uk](http://www.sra.org.uk) (search for 'residual client balances').