

Dormant Client Funds and Unclaimed Client Accounts

Transforming unclaimed balances into an asset

Professional firms are required to return balances on client accounts as soon as there is no longer a proper reason to retain them. In addition to the handling of dormant charitable trust transfers, Two Ridings Community Foundation (TRCF) has experience of transforming unclaimed balances into an asset for the community.

For example, solicitors will be aware of the **Solicitors Regulatory Code of Conduct Rules (20.1)** which allows for practices where funds under the sum of £500 held on client account which cannot be traced and returned to the client can now be payable to a charity.

(Solicitors do need authorisation to transfer amounts over £500 from the SRA, and the application form and guidance can be found at: www.sra.org.uk/guidance-sar).

It can be in the interests of the firm to ensure that money, which would otherwise remain inactive and subject to audit each year, goes directly to support a charity.

There may be an unclaimed amount held on client account for a number of reasons, perhaps where:

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

Two Ridings Community Foundation handles all cases sensitively and in confidence. Any unclaimed client funds transferred in this way can be used to directly fund charities and community groups who support the people of North and East Yorkshire.

The exact type of organisation and cause to be supported can be selected by you and your team according to your organisation's charitable objectives. As required by **SRA rule 20.1** we are a Registered Charitable Incorporated

Organisation (Number: 1166471), and can be located on the charity commission website:

www.charitycommission.gov.uk/showcharity/RegisterOfCharities

Two Ridings Community Foundation is able to accept funds donated in this way and can provide an indemnity in case the original beneficiary should ask for the money at some point in the future.

We are happy to discuss, in confidence, ways of working with you to protect you in cases where large sums are transferred to TRCF should the original owner seek recompense.

It might be, for example, that the funds are held in a general endowment fund earmarked for your firm, protecting the capital and distributing the annual income earned from the interest and dividends to local community groups.



▲ **TRCF in action:** *Two Ridings hold funds and make grants to tackle loneliness and isolation for elderly people.*