



## Client Money Handling Procedure (Tenant Funds)

### Purpose

This procedure sets out how tenant money is received, protected, recorded, held, and disbursed by Vermont to ensure compliance with legal, regulatory, and professional standards. It applies to all staff handling client money, including rents, deposits, holding deposits, maintenance float funds, and any other monies received from or on behalf of tenants.

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### 1. Definition of Client Money

Client money includes any funds received and held on behalf of tenants or landlords, including:

- Rent payments
- Tenancy deposits
- Holding deposits
- Advance rent payments
- Utility reimbursements
- Maintenance contributions
- Refundable fees or credits

Client money does not include company operating income unless properly transferred following reconciliation and authorisation.

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### 2. Separate Client Account

All tenant monies are held in a designated client bank account separate from Vermont's operational account.

The client account is:

- Clearly identified as a "Client Account"
- Held with an authorised banking institution
- Never been used for company expenses
- Maintains sufficient liquidity for refunds and transfers

No staff member may transfer client money into the business account without proper authorisation and supporting documentation.

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## **3. Receiving Tenant Money**

### **Accepted Payment Methods**

Tenant payments are accepted via:

- Bank transfer
- Standing order
- Debit/credit card
- Approved payment platforms

Cash payments are avoided where possible. If accepted, a receipt is issued immediately.

### **Recording Payments**

Upon receipt of funds:

1. The payment is logged in the property management/accounting system.
2. The tenant ledger is updated.
3. The payment is allocated to the correct property and tenancy.
4. A receipt or confirmation is provided to the tenant where appropriate.

All transactions are traceable and supported by documentation.

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## **4. Tenancy Deposits**

### **Protection Requirements**

All tenancy deposits are protected within the legally required timeframe using an approved tenancy deposit protection scheme (The Deposit Protection Service)

The tenant receives:

- Prescribed information
- Deposit protection certificate/details
- Terms relating to deductions and repayment

## **Deposit Handling**

Deposits:

- Remain in the client account unless transferred to an insured scheme
  - are separately identifiable in accounting records
  - Are not used to offset rent arrears during the tenancy without written agreement
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## **5. Holding Deposits**

Holding deposits are handled in accordance with applicable tenancy legislation.

Vermont:

- Clearly explains the terms attached to the holding deposit
- Record the amount and date received
- Refund or apply the funds appropriately within required timescales

Where a holding deposit is retained, written justification is documented and retained on file.

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## **6. Rent Collection Procedures**

### **Rent Due Dates**

Rent is due in accordance with the tenancy agreement.

### **Monitoring Arrears**

The accounts or property management team:

- Monitor rent payments daily or weekly
- Identify arrears promptly
- Contact tenants regarding missed payments
- Keep records of communication and payment arrangements

Any escalation action follows the company arrears policy.

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## 7. Client Money Reconciliation

### Frequency

Client accounts are reconciled:

- At least monthly
- By a staff member independent from day-to-day payment processing where possible

### Reconciliation Checks

The reconciliation process confirms:

- Bank balances match accounting records
- Tenant ledger balances are accurate
- Outstanding payments are identified
- Any discrepancies are investigated immediately

Reconciliation reports are retained for audit purposes.

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## 8. Authorisation of Payments

Payments from the client account are only made:

- To landlords
- To contractors for authorised works
- To tenants for refunds
- To the business for agreed management fees

All payments are:

- Supported by documentation
- Match ledger records
- Approved by an authorised person

Dual authorisation is actioned for larger payments.

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## 9. Refunds to Tenants

Refunds are:

- Verified against tenancy records
- Approved by authorised staff
- Paid to the verified tenant account

A clear audit trail is maintained showing:

- Reason for refund
  - Amount refunded
  - Date processed
  - Staff authorisation
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## **10. Record Keeping**

Vermont maintains accurate records including:

- Tenant ledgers
- Bank statements
- Reconciliations
- Deposit protection records
- Payment authorisations
- Refund records
- Correspondence relating to client money

Records are retained in accordance with legal and regulatory requirements, typically for a minimum of six years.

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## **11. Fraud Prevention and Security**

To reduce the risk of fraud:

- Bank details changes are independently verified
- Staff access to client accounts are restricted
- Passwords and financial systems are secure
- Suspicious transactions are reported immediately
- Regular internal reviews are conducted

Staff remain vigilant against phishing and payment diversion fraud.

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## **12. Staff Responsibilities**

All employees handling client money are responsible for:

- Following this procedure
- Maintaining confidentiality
- Reporting discrepancies immediately
- Completing required training
- Complying with anti-money laundering and data protection obligations

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## **13. Compliance and Review**

This procedure is:

- Reviewed annually or following regulatory changes
- Updated where operational risks or legal requirements change
- Made available to relevant staff members

Management is responsible for ensuring compliance with all applicable client money protection requirements and industry regulations.