

To: All users of the Manual
From: Andrew Jarvis
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HAT PROPERTY AGENTS' CLIENT MONEY MANUAL – APRIL 2019

We are pleased to release our comprehensively updated Property Agents' Client Money Manual. The new Manual, which should be used immediately regardless of accounting period, reflects the following key changes:

- The introduction by the Government from 1 April 2019 of mandatory Client Money Protection (CMP) for property agents. The Manual explains that all residential property agents must belong to a suitable CMP Scheme from this date. The maximum penalty for non-compliance is a fine of £30,000. Whilst not all CMP Schemes require an independent reporting accountant's report on client money, the most popular Scheme (Propertymark for members of ARLA and NAEA) normally does;
- The requirements of Money Shield, a new CMP Scheme which is backed by Propertymark and intended to be used by agents who do not wish to join ALRA or NAEA; and
- Recent changes made to the Propertymark Conduct and Membership Rules which are relevant for all current accounting periods.

The Manual has also been simplified and streamlined by combining some of the work programmes to improve efficiency.

All documents in the Manual are dated 'April 2019' and '04/19' in the footer and users should download the Manual **IN FULL** from the Members' Area of our [website](#), overwriting any existing copies.

Key Considerations when Acting for a Property Agent

Historically the client money assignment for a property agent was very similar to an assignment required under the Solicitors' Regulation Authority (SRA) Accounts Rules. However, given recent changes made by the SRA this is no longer the case. For example, both Propertymark and Money Shield (whose requirements are very similar) still specify the precise work which the reporting accountant must complete (**including obtaining bank letters**) and require **all breaches** (other than clearly trivial ones) to be reported.

As before, the Manual is written based on the Propertymark Conduct and Membership Rules as these are the most detailed. However, the approach set out in the Manual also represents best practice for assignments performed for other agents belonging to other Schemes.

There are currently six government approved CMPs. Three of those schemes may require an annual accountant's report on client money:

- [Propertymark](#) (including ARLA (the Association of Residential Letting Agents) and NAEA (National Association of Estate Agents));
- [Money Shield](#); (which is jointly owned by Propertymark and The Dispute Service) and aims to allow agents who do not want to join ARLA to comply with their CMP requirements) and
- [NALS \(National Approved Letting Scheme\)](#).

Some Propertymark and Money Shield members are now able to opt out of having a client money review conducted by an accountant by completing a 'self-assessment' HealthCheck. Details of this are given in the Manual.

The following are approved CMPs, which would not require their members to obtain an accountant's report:

- [RICS \(Royal Institution of Chartered Surveyors\)](#);
- [Client Money Protect](#)
- [UKALA Client Money Protection](#)

Details of the specific rules of each organisation can be obtained from their respective websites on the links above.

We are always pleased to receive feedback on our manuals. If you have any comments on this Manual then please email andrew@hatgroup.co.uk