

Client Funds and Client Accounts

The Authority wishes to clarify matters relating to the management of Client Funds, in relation to the holding of security deposit bonds, tax for non-resident landlords and the sale of entitlements in the licensee's Client Account.

The Authority advises licensees through its Audit Inspectors on the management of funds arising from the provision of letting or rental property services. Until now, licensees were advised that once the tenancy agreement commenced, all security deposit bonds received from a tenant and requested by the Landlord to be held by the licensee on their behalf, should transfer from the Client Account to another account of the licensee as it was no longer considered client monies. This, along with the holding of tax for non-resident landlords and monies from the sale of entitlements being held in the Client Account was questioned during the audit process.

The Authority sought legal advice concerning Client Funds and Client Accounts with regard to all four licence types. The Authority, in accepting the legal advice, wishes to clarify the position regarding the management of client monies.

ALL monies received in the provision of a "property service" as defined in the Property Services (Regulation) Act 2011, including receipt of rental income, security deposit bonds, collection of non-resident tax for landlords and the sale of entitlements **must be placed in the licensee's Client Account** in the first instance. On agreement with the Client, the licensee may then transfer such monies to the Client. Where client monies, for example security deposits are held by the licensee on behalf of the Client, all such monies must be held in the Client Account until instructed otherwise by the client