

Solicitors Regulation Authority

Residual client account balances – consultation

Examples of the operation of the current SRA authorisation process - rule 22, Solicitors' Accounts Rules 1998 (SAR)

The following examples indicate how various applications might be dealt with by the Solicitors Regulation Authority (SRA) under rule 22 SAR:

- *A solicitor has £10 on a client ledger. There has been no activity on the account for 18 months, and a letter sending the cheque to his client has been returned marked "addressee gone away".*

The SRA's adjudicator would normally deal with the application despite six years not having elapsed. A letter from the firm's accountants to confirm the position would not be requested, and permission would be granted to withdraw the money, normally on the basis that it was paid to a charity that gave an indemnity.

- *Retention monies in the sum of £500 are due to a client. The last activity on the account was three years ago, and a letter to the client has been returned marked "addressee gone away".*

The matter would normally be dealt with, despite six years not having elapsed. The solicitor would be asked to provide an accountant's letter and to confirm that there are no other untried contact details on the file. The adjudicator might ask the solicitor to check the electoral roll or to advertise in the local press if there was anything to indicate that the client had moved locally. Given the amount, it is unlikely that the solicitor would be asked to instruct an enquiry agent.

- *A solicitor has £1,300 on an old probate matter which was probably due to a beneficiary. Neither the personal representative nor the beneficiary can be traced. The last activity on the file was 10 years ago, and the file came from a practice that merged with the current firm eight years ago. None of the employees of the previous practice are with the current firm.*

The adjudicator would ask the solicitor to review the file to see if there was enough information to enable an enquiry agent to be instructed. The solicitor might also be asked to consider placing an advertisement in a local paper if, for example, the name of the deceased was slightly unusual, and relatives might be alerted. An accountant's letter would normally be required.

- *There is £5,000 on a probate matter. The last activity was 12 years ago. The file cannot be found, and the name of the deceased is J. Smith. The solicitors have no other information.*

An accountant's letter would be required. Authority to pay the monies to a charity that provides an indemnity is likely to be granted without further enquiry.