CLIENT ACCOUNT INTEREST POLICY

LLOYD EVANS & HUGHES

CYFREITHWYR | SOLICITORS

Updated October 2026

1. Introduction

This policy explains how Lloyd Evans & Hughes Solicitors deals with interest earned on money held on behalf of our clients.

In accordance with Rule 7 of the Solicitors Accounts Rules, we account to clients for interest on money held on their behalf on a fair and reasonable basis, having regard to the interests of both the client and the firm.

2. Our Client Account

We hold client money in a general client account with NatWest Bank. This account enables us to receive, hold and make payments on behalf of our clients as required during the course of their legal matters.

As our client account is maintained to ensure that funds are accessible when required, the interest available may be lower than the rate a client could obtain by placing money in a separate deposit account or other investment.

With effect from 9 March 2026, NatWest pays interest on our general client account at the following rates:

Client account balance	Interest rate paid by NatWest
£0 to £999,999	0.85% per annum
£1,000,000 to £4,999,999	1.15% per annum

These rates are subject to change by NatWest.

3. Interest Paid to Clients

We consider it fair and reasonable to pay interest to clients at the following rates on money held in our general client account:

Client account balance	Interest rate paid to clients
	0.425% per annum

These rates are based on the interest rates currently paid to our firm by NatWest. The remaining interest received by the firm is retained to contribute towards the administrative and other costs associated with operating our client account and administering client funds.

The rates paid to clients may change if NatWest varies the interest rates applicable to our account. We will review this policy periodically and amend it where necessary.

4. When Interest Will Be Paid

Interest will ordinarily be calculated and paid when the relevant legal matter has concluded and the funds have been accounted for.

We do not normally make interim payments of interest while funds continue to be held, although we may consider doing so where appropriate.

Where we act for a client in relation to more than one matter, balances held in respect of separate matters will not ordinarily be combined when calculating interest.

5. Circumstances Where Interest May Not Be Paid

We will calculate interest in accordance with this policy and our obligations under the Solicitors Accounts Rules.

We will not normally pay interest where the total amount of interest calculated in respect of a matter is £100 or less, as we consider that the administrative costs involved in calculating and processing such payments may be disproportionate to the amount involved. This threshold will be applied subject to our regulatory obligations and the requirement to account for interest on a fair and reasonable basis.

Interest may also not be paid in the following circumstances, where it is fair and reasonable to do so and consistent with our regulatory obligations:

1. **Delayed professional payments:** where funds are retained because payment to counsel or another professional is delayed at their request.
2. **Funds advanced by the firm:** where the firm has advanced money to fund a payment on a client's behalf in excess of the funds held for that client.
3. **Agreed alternative arrangements:** where the client and the firm have agreed lawful alternative arrangements for dealing with interest.
4. **Unreturned funds:** where we have requested the return of funds to a client but the client has failed to cooperate with arrangements for returning them.
5. **Unpresented cheques:** where a cheque issued to a client has not been presented for payment.

These circumstances will be considered on a case-by-case basis. Nothing in this policy overrides our obligations under the Solicitors Accounts Rules.

6. Designated Deposit Accounts

Where a client wishes to place funds in a separate designated deposit account, we will consider the request and whether it is appropriate and practical to do so.

Our decision will take account of the amount of money involved, the anticipated period for which it will be held, the interest available, the administrative costs and the need to ensure that funds remain available when required.

Where we agree to place a client's money in a designated deposit account, we will explain the applicable interest arrangements to the client. We will account to the client for the interest earned in accordance with the agreed arrangements and our regulatory obligations.

7. Tax on Interest

Interest paid to clients will be paid without deduction of tax at source, unless otherwise required by law.

Clients are responsible for determining whether any interest received must be declared to HM Revenue & Customs and whether any tax is payable.

8. Changes to This Policy

Interest rates offered by NatWest may change from time to time. We will review this policy periodically and amend the rates paid to clients where appropriate.

Any material changes to this policy will be reflected in the version published on our website.

9. Bank Failure and Financial Services Compensation Scheme

Client money held with a bank may be subject to protection under the Financial Services Compensation Scheme (FSCS), where the relevant eligibility criteria are met.

If NatWest were to fail, the availability and extent of any compensation would depend on the applicable FSCS rules, limits and circumstances. We may provide information reasonably required to assist with any relevant compensation claim, subject to our legal and regulatory obligations.

The firm cannot guarantee that all client money held with a bank will be recoverable in the event of a bank failure.

10. Policy Review

This policy was last reviewed on **29 October 2026**.