

**Wedlake Bell LLP ('the Firm')**  
**Policy on Interest paid to Clients on Client Account**

**General**

The main purpose of the SRA Accounts Rules (2019) ("the Rules") is to keep client money safe and available on demand for the purpose for which it was provided. The Rules also provide for the payment of interest, calculated by reference to a fair rate, when appropriate.

Whilst seeking to pay clients a fair rate of interest, the Firm does not pretend to be a bank and indeed, under the Rules, is not permitted to provide banking facilities and therefore cannot offer rates comparable to the best rates available, particularly given the requirement in the Rules that client money is available on demand.

Interest, where applicable, is paid gross and should be included in the client's tax return. This applies equally to private individual clients, trust clients and corporate clients.

**Rate and calculation of interest paid (not currently applicable)**

The rate of interest the Firm pays fluctuates depending upon the rate of interest that the Firm can secure from its principal bankers.

The Firm does not pay the full rate of interest that it earns on client funds because this is an enhanced rate that the Firm can secure from holding large levels of client funds in aggregate over the long term. The Firm does, however, pay a rate of interest to clients that usually exceeds that available to clients in the open market at the Firm's principal bank on instant access current accounts for similar amounts.

The Firm believes that this is an equitable approach: it enables clients to earn a higher rate of return than would generally be available to them on the open market and at the same time provides the Firm with a return for administering and managing client funds.

Interest is calculated at quarterly intervals – March, June, September and December - in respect of funds held during that quarter, or at the conclusion of the specific matter to which the funds relate. In the event that the calculated total interest accruing on a client matter for the duration of a quarter is less than £20 then no interest will be paid to the client on the basis that it is a de minimis amount. The Firm takes the view that any amount at or below £20 per quarter (or part of a quarter) is reasonably retained by the Firm to cover the administrative cost of dealing with client funds.

**Interest rates**

With effect from 19<sup>th</sup> January 2021, the interest rate earned by the Firm on client funds fell to 0.05%. As a result, the Firm will not be paying any interest to clients on funds held from time to time on client account from that date until such time as rates improve.

The position as regards interest paid on client account funds will continue to be reviewed periodically.

**Alternative arrangements**

Where unusually large sums of client money are held for extended periods then it may be possible to place them in a Client Designated Deposit Account.

Where client money is held on non-interest-bearing accounts, there is no interest to share with the Client.

20<sup>th</sup> January 2021