

News

Client accounts and accountants' reports

01 March 2023

Solicitors hold positions of great trust as they hold client money, often in large amounts. Our [Account Rules \[https://www.sra.org.uk/solicitors/standards-regulations/accounts-rules/\]](https://www.sra.org.uk/solicitors/standards-regulations/accounts-rules/) are there to provide a framework to protect client money and make sure it is not put at risk.

Any firm that has an active client account has an [obligation under Rule 12 \[https://www.sra.org.uk/solicitors/standards-regulations/accounts-rules/#rule-12\]](https://www.sra.org.uk/solicitors/standards-regulations/accounts-rules/#rule-12) to:

- obtain an accountant's report for that [accounting period \[https://www.sra.org.uk/solicitors/standards-regulations/glossary/#accounting-period\]](https://www.sra.org.uk/solicitors/standards-regulations/glossary/#accounting-period) within six months of the end of the period
- deliver it to us within six months of the end of the [accounting period \[https://www.sra.org.uk/solicitors/standards-regulations/glossary/#accounting-period\]](https://www.sra.org.uk/solicitors/standards-regulations/glossary/#accounting-period) if the accountant's report is qualified to show a failure to comply with these rules, such that money belonging to [clients \[https://www.sra.org.uk/solicitors/standards-regulations/glossary/#client\]](https://www.sra.org.uk/solicitors/standards-regulations/glossary/#client) or third parties is, or has been, or is likely to be placed, at risk

We are concerned that some firms are failing to uphold either or both of these rules when there is no reason for a reputable, well-run practice to do so. A breach of these rules could lead to disciplinary action.

There are exemptions for firms to obtain a report, for example if all of the money held in the client account has been received from the Legal Aid Agency.