

Practice Rules Compliance Committee

Deposit of Credit Card Payments – Practice Standard

Law Society Rules Part V - Uniform Trust Account Rules

Deposits in trust accounts

5.03(5) A member shall only pay into a trust account

(a) trust money,

(b) money which has been drawn inadvertently from the trust account in contravention of this section, and

(c) money received by the member representing in part money belonging to a client and in part money belonging to the member if it is not practicable to divide the payment, provided that money belonging to the member shall be drawn from the trust account without delay.

5.03(7) A member shall not pay into a trust account

(a) money which belongs to the member unless intended for payment to a third party for the purpose of completing a personal transaction being handled by the firm on behalf of the member, or

(b) money received by the member

(i) for fees for which a billing has been delivered,

(ii) for services already performed for which a billing is delivered forthwith thereafter, or

(iii) to reimburse the member for disbursements made or expenses incurred on behalf of a client.

The Practice Rules Compliance Committee has been advised of an automatic system whereby credit card payments are deposited to the trust account. Such deposits are contrary to the trust account rules which prescribe that only trust money shall be deposited to trust. Credit card companies charge a transaction fee to the account to which the funds are deposited. These transaction fees are not permitted to be processed through trust accounts.

Members should note that all credit card payments must be processed through the general account.

Members are directed to adhere to the practice standard prescribed by and to ensure compliance with the Law Society Rules.

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