



Aged Balances

This guidance note will explain what an Aged Balance is, how to deal with them and how to avoid them, whilst complying with the [CLC Accounts Code](#).

What is an Aged Balance?

- i) A sum outstanding to the credit of an individual ledger account,
- ii) Where there has been completion of a legal transaction or it has become abortive, and
- iii) There has been no movement on the account for a period in excess of **12 months** except for monies held in accordance with the terms of an undertaking (in which case the 12month period will begin from the date on which such monies are released).

How to deal/process Aged Balances.

Aged Balances cannot be withdrawn from the client account without the written authority of the CLC, this is a requirement under [12.2.6 of the CLC Accounts Code](#).

The table below details the information the CLC requires for Aged Balances depending on the amount:-

Amount		Payable to	Documents Needed
Under £20	All Require CLC Authority prior to transfer from the client account	Office Account	Undertaking* Annex
£20 to £100		CLC Compensation Fund	Schedule Copy of the ledger cards Signed Certificate
Over £100		CLC Compensation Fund	Schedule Copy of the ledger cards Details of the steps taken Details on how the balance has arisen

* **Undertaking wording** – *“In consideration of the CLC giving written authority in accordance with Requirement 12.2.6 of the CLC Accounts Code for the withdrawal of the monies set out in the schedule to this Undertaking (the ‘Annex’). I/We undertake to the CLC that I/we shall within 14 days*

of a request from the Rightful Recipient pay the sum outstanding as set out in the Annex in accordance with this direction.”

If the **rightful recipient** contacts you after the funds have been paid into the **CLC’s Compensation Fund**, you should contact the CLC with a view to the **rightful recipient** making a claim for the reimbursement on the Compensation Fund. If the body is no longer trading the **rightful recipient** should contact the **CLC** directly.

How to avoid Aged Balances.

On receipt of instructions

- Obtain the **client’s bank** account details (name and address of bank, sort code, account number and name).
- Alternatively, obtain the **client’s** credit card details.

Completion Statements

This is an itemised statement of money paid in and out concluding with a balance either owed by or to be paid to the recipient.

Draft **Completion** statements should be prepared and checked prior to exchange of contracts.

All **Completion** statements (whether in draft or final form) should be checked for accuracy by reference:-

- (i) to the account or alternatively to their credit card account, and
- (ii) to the **client ledger**, with evidence from the **rightful recipient** on **Durable Medium**

Client Ledger Card

The **client** ledger card should be checked to ascertain whether a balance remains after the last payment is made and, if so, the balance should be accounted for immediately to the **rightful recipient**.

It is good practice to ensure that:-

- i) The **client** ledger balances are reviewed monthly to identify unexpected or dormant **client** balances;
- ii) If a balance is held against a contingent liability, a note is made on the **client** ledger card (alternatively the file) clearly identifying that liability; and
- iii) A schedule of client balances held for 3 months or more is maintained stating in each case the **client(s)** name(s), file/ledger number, the **rightful recipient**, the balance outstanding, the date of last movement and the reason for the balance.

Before a file is closed or archived the **client** ledger card should be checked to ensure:-

- i) No balance outstanding;
- ii) All cheque payments have been cleared by the bank;

- iii) A copy of the **client** ledger card showing a nil balance on both the **client** and **office account** should be placed on the file.

Unpresented Cheques

Unpresented cheques should be reviewed on a regular basis:

- i) Unpresented Mortgage Redemption Cheques - the **rightful recipient** should be contacted within 12 days or no later than one month after the payment has been transferred and then at frequent intervals;
- ii) All other cheques – the **rightful recipient** should be contacted no more than 2 months after the cheque has been tendered and then at a minimum of 2 monthly intervals.

If a cheque has been lost or remains unpresented after 6 months:

- i) A stop should be placed on the original cheque;
- ii) The cheque should be written back to the **client** ledger account; and
- iii) The monies paid:
 - a to the **rightful recipient's** bank account, alternatively credit card account, or
 - b on the instruction of the **rightful recipient**.

Retention Monies

Where possible you should seek agreement providing for retention monies to be held on terms that provide a payment to a named person at a specified bank account if the terms for the release have not been satisfied within a specified period.

If no such term has been agreed:-

- i) The file should be reviewed every 3 months; and
- ii) You should seek to obtain such an agreement.

It is good practice to maintain:-

- i) A schedule of retention balances stating in each case the **client(s)** name(s), the file/ledger number, the amount if and the reason for the retention and the last date for release; and
- ii) A separate note of the reason for the retention and the last date for release on the **client** ledger card.

Aborted or Delayed Transactions

Regular contact should be maintained with the client where the matter has either aborted or been delayed.

Last reviewed: July 2018