



Property Guardian Providers Association

Promoting Best Practice, Safety and Standards

SAFEGUARDING GUARDIANS' SECURITY PAYMENTS

PGPA members must use a designated general Guardian bank account that ring fences guardian Security Payments. A general Guardian bank account is a bank or building society account set up in the name of the PGPA member firm but with the word 'Guardian' in its title, in full with no abbreviation, – 'Guardian a/c' is permissible. It usually holds money of several Guardians and is specially created for the purpose of holding Guardian money on trust for the Guardian whilst the money remains in the account.

Members must prove this is the case by arranging for a letter from their bank to be kept on record by the PGPA confirming that a Guardian designated account is active, and that transactions are regularly processed. This letter must be renewed as part of the annual PGPA Benchmark Audit.

Rules for the use of Guardian accounts:

1. Guardian money received must without delay be paid into a Guardian account, and must be held there.
2. Only Guardian money may be paid into or held in a Guardian account, except:
 - (a) an amount of the member's own money required to open or maintain the account;
 - (b) money to replace any sum which for any reason has been drawn from the account in breach of rule 7; the replacement money becomes Guardian money on payment into the account;
 - (c) interest which is paid into a Guardian account, and which under the terms of the licence, will be paid to the Licensor;
3. Guardian money must be returned to the Guardian promptly, as soon as there is no longer any proper reason to retain those funds. The PGPA recommendation is to return Security Payments within 10 working days.
4. Members must promptly inform a Guardian in writing of the amount of any Guardian money retained at the end of a matter (or the substantial conclusion of a matter), and the reason for that retention.
5. Members must not provide banking facilities through a Guardian account. Payments into, and transfers or withdrawals from, a Guardian account must be in respect of instructions relating to an underlying transaction regarding guardians' Security Payments.

6. Guardian money may be:

- (a) held by members outside a Guardian account by, for example, retaining it in the member's safe or secure office in the form of cash, or placing it in an account in the company's name which is not a Guardian account, only if the Guardian confirms that in writing to the member to that effect for the Guardian's own convenience, and confirmed by you to the Guardian in writing.
- (b) it is improper to seek blanket agreements, through standard terms of business or otherwise, to hold Guardian money outside a Guardian account.

7. Withdrawals from a Guardian account

Guardian money may only be withdrawn from a Guardian account when it is:

- (a) properly required for a payment to or on behalf of the Guardian;
- (b) transferred to another Guardian account;
- (c) a refund to the member of an advance no longer required, to fund a payment on behalf of a Guardian (e.g. to pay for damages to the property that is deemed the responsibility of the guardian)
- (d) money which has been paid into the account in breach of the rules (for example, money paid into the wrong account)
- (e) Office money may only be withdrawn from a Guardian account when it is money properly paid into the account to open or maintain it, or represents interest accrued.

8. A Guardian account must not be overdrawn

9. Method of and authority for withdrawals from Guardian account

- (a) A withdrawal from a Guardian account may be made only after a specific authority in respect of that withdrawal has been signed by an appropriate person or persons in accordance with the member's procedures for signing on a Guardian account. An authority for withdrawals from Guardian account may be signed electronically, subject to appropriate safeguards and controls.
- (b) Members must put in place appropriate systems and procedures governing withdrawals from Guardian account, including who should be permitted by the firm to sign on a Guardian account.
- (c) A withdrawal from a Guardian account in a member's favour must be either by way of a cheque, or by way of a transfer to the office account or to the member's personal account. The withdrawal must not be made in cash.