

# Client Care Policy

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## Document properties

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Version	V2.0
Owner / author	Professional Standards and Policy
Supersedes when issued	19 June 2019
Date of issue	01 July 2022
Circulation	<a href="http://www.aat.org.uk">www.aat.org.uk</a>
Format for circulation	Electronic (PDF); print as required.
Classification	<b>UNRESTRICTED</b>

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## Change control

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Version No.	Page	Changes made	Date
V1.1	5	Legislative update to Data Protection Act 2018 in paragraph 5(m)	19/06/2019
V2.0	4	Signposting to AAT's onboarding resources to assist critical assessment on any proposed engagement before accepting or declining an appointment.	01/07/2022
V2.0	5	Additional detail included to paragraph 5(p) to specify the role of the alternate in the event of the <i>licensed member's</i> permanent incapacity or illness, who will have access to the client's information held in order to make initial contact with them and agree the work to be undertaken.	01/07/2022
V2.0	6	Inclusion of paragraph 8 specifying the engagement letter agreed with each client should be reviewed regularly and that a revised engagement letter should be issued when terms are amended.	01/07/2022
V2.0	6	Inclusion of paragraph 9 that confirms that terms that have been agreed by way of an engagement letter, must be retained, and be made available to AAT representatives on request.	01/07/2022
V2.0	6	More specific guidelines included in paragraph 11 in respect of what should be included in a firm's internal complaint procedure and inclusion of paragraph 12 re consideration whether a PII provider needs to be informed of the complaint.	01/07/2022

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## Associated regulations and policies

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*Code of Professional Ethics*  
*AAT Regulations*  
*Disciplinary Regulations*  
*Licensing Regulations*  
*Licensing Policy*  
*CPD Policy*  
*Continuity of Practice Policy*  
*Professional Indemnity Insurance (PII) Policy*  
*Clients' Money Policy*  
*Health and Disability Policy*  
*Money Laundering Regulations*

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# Contents

Introduction .....	4
Scope and applicability .....	4
Purpose and objectives .....	4
Terms and definitions .....	4
Policy detail .....	4
Client acceptance .....	4
Letters of engagement .....	4
<i>Professional indemnity insurance (PII)</i> .....	6
Complaints .....	6
Client disengagement .....	7
Lien .....	7

## Introduction

AAT expects its members to act with the highest levels of professionalism, both in and outside of their professional lives. Clients and employers rely on AAT to take ongoing steps to consider whether a member is, and continues to be, a fit and proper person to be a member. This policy and guidance are intended to support the AAT in meeting that obligation.

## Scope and applicability

1. All *licensed members* must comply with the Provision of Services Regulations 2009. This policy applies to all licensed members providing *accountancy services* or *bookkeeping services* to clients either as a sole practitioner or as a *Principal* in a firm.

## Purpose and objectives

2. Good *client care* is central to the provision of a high-quality professional service. AAT requires every *member* providing *self-employed accountancy and/or bookkeeping services* to do so in a manner which treats clients fairly and safeguards their interests. This policy sets out the requirements for *client care* placed on licensed members providing services to the public.

## Terms and definitions

3. The website is the definitive guide to all policies currently in force. All terms in italics, save titles of publications, are interpreted in the *AAT Glossary* which supports the entire policy framework.

## Policy detail

### Client acceptance

4. Before taking on a new client, a *member* must take reasonable steps to understand whether any reasons exist as to why they should not take them on. Risks may include the existence of a conflict of interest, the Money Laundering Regulations cannot be satisfied, or insufficient technical competence to meet the client's needs. If such a reason is identified, unless steps can be taken to manage the issue, the engagement should be declined. AAT's onboarding resources and checklist will help form the basis of this critical assessment for any proposed engagement before accepting or declining an appointment.

### Letters of engagement

5. A *licensed member* must provide a letter of engagement to all clients before any professional work is undertaken by the member. That letter must include the following information as a minimum.
  - a) The nature of the assignment, the scope of the work to be undertaken and, the format and nature of any report which is to be delivered.
  - b) The timing of the engagement, which is the date the work is expected to start (and whether any such date is contingent on the provision by the client or others of information), the duration of the work and the dates on which reports are to be made.

- c) Whether the assignment is monthly, annual, or not recurring and whether the engagement will continue unless specifically terminated by the client.
- d) The client's responsibilities, for example, as to the production of information such as records and books and their format and timing. The client should be advised that, for example, in relation to tax compliance work the *member* will be acting only as an agent for the client and that the client is responsible for providing accurate information.
- e) A statement that the responsibility for the detection of irregularities and fraud rests with the client's management and that this would normally be outside the scope of the engagement. Nevertheless, the engagement letter should make it clear that the client is obliged to provide full information to the *licensed member*.
- f) Any liability disclaimers in relation to acting on information supplied by the client or complying with legislation.
- g) The basis, frequency, and rate of charge for services rendered together with the treatment of expenses incurred in connection with the assignment. The *member* should provide an estimate of their fees including details of hourly charging rates in the absence of a fixed fee being agreed. Any taxes payable in addition to the agreed fee or hourly charging rate should also be specified.
- h) The ownership of books and records created in the engagement and whether the *licensed member* will exercise a lien over such items if fees remain unpaid or are disputed. The firm's policy on retention, destruction and return of records should, if appropriate, be specified.
- i) The action that will be taken should a fee remain unpaid after presentation of the invoice, including the charging of interest and at what rate, the cessation of work and details of any other actions that will be taken to recover unpaid fees, for example, debt collection agencies, small claims court.
- j) The usage of the *licensed member's* work by the client for a third party with suitable liability disclaimers.
- k) The fact that the *licensed member's* AAT licence does not authorise them to conduct any aspect of investment work.
- l) The *licensed member's* obligations under the *Money Laundering Regulations* including due diligence, risk assessments, record keeping and suspicious activity reporting.
- m) Whether the *member* is registered with the Information Commissioner under the *Data Protection Act 2018* and details of the responsibilities and legal obligations the member has in respect of processing their data securely in accordance with the General Data Protection Regulations (GDPR).
- n) How the *licensed member* will deal with *clients' money* and how they will account to the client for any commission or other benefits received for introductions to other professionals or suppliers, including whether fees will be reduced by amounts received in this connection and/or whether the *member* will retain the commission or benefit in accordance with the *Code of Professional Ethics*.
- o) How the *licensed member* will deal with complaints about any aspect of the engagement including details of the *Principal* within the practice responsible for complaints management, and the fact that unresolved complaints can be referred to AAT.

- p) Confirmation there is a continuity arrangement in place for an alternate to deal with matters in the event of the *licensed member's* permanent incapacity or illness, who will have access to the client's information held in order to make initial contact with them and agree the work to be undertaken during incapacity (also making clear the client can choose to appoint another firm / accountant at that stage if they wish].
6. AAT has template letters of engagement which meet these requirements and can be tailored to meet a firm's needs.
  7. A *licensed member* who is authorised by the Financial Conduct Authority (FCA) to conduct investment work should refer to the *FCA Handbook* for appropriate wording to include in the letter of engagement.
  8. The engagement letter agreed with each client should be reviewed regularly. Where new services are to be undertaken on behalf of a client, or any terms are required to be changed, the *licensed member* shall issue a new engagement letter and amend terms with the client.
  9. The *licensed member* should retain evidence of the terms that have been agreed by way of an engagement letter, including any amended terms, and member must on request, make available to the AAT or AAT representatives, copies of their engagement letters.

### **Professional indemnity insurance (PII)**

10. A *licensed member* must at all times hold valid professional indemnity insurance in accordance with the AAT *Professional Indemnity Insurance Policy* and must make details of that policy available to clients or their legal representatives on request.

### **Complaints**

11. A *licensed member* must ensure their *firm* has an adequate *complaint* process in place to handle client complaints and advise clients how to make a *complaint*. It should include procedures that ensure as a minimum:
  - a) complaints are acknowledged promptly, in writing, setting out the firm's understanding of what the complaint being made is.
  - b) complaints are investigated by the *firm*, unless it can be demonstrated that the complaint is already being investigated by a professional body; the complaint is already the subject of dispute resolution; or the complaint is minor or vexatious.
  - c) the complaint is investigated by an individual of sufficient experience, and someone who was not involved in the issue leading to the complaint where viable.
  - d) any corrective action considered appropriate is taken promptly.
  - e) the client is aware that a *complaint* may be escalated to AAT if the matter is not resolved locally.
12. On receiving a complaint, and throughout the process of investigating a complaint, a *member* should establish whether its professional indemnity insurance provider needs to be informed of the complaint.

## Client disengagement

13. When either a *licensed member* or a client chooses to end an engagement, the *member* must confirm this with a client disengagement letter, unless there is good reason not to do so. The letter should confirm the terms of the disengagement, including:
  - a) any outstanding work that will be undertaken before conclusion of the engagement including details of any impending deadlines and the action required
  - b) any outstanding work that will not be undertaken before conclusion of the engagement
  - c) as a matter of good professional practice, and to reinforce public confidence in the profession, a *licensed member* who has disengaged from a client matter should, with the consent of the client, correspond on request with any new accountant the client has instructed. AAT has a checklist available which meets the minimum disengagement requirements to include, but any client disengagement letter can be tailored to meet the client or firm's needs.

## Lien

14. A *licensed member* may exercise a right of lien provided that as a minimum:
  - a) the documents over which a lien is held belong to the client and not a third party
  - b) the *licensed member* has acquired the documents as a result of the engagement
  - c) the *licensed member* has undertaken work in respect of those documents
  - d) an invoice has been raised in respect of work undertaken on those documents
  - e) those fees have not been paid in full and the client is aware of the outstanding fees.
15. A *licensed member* must not exercise a right of lien unless they have made reference to the fact that they may do so in their letter of engagement, and this is supported by a document retention policy.
16. A *licensed member* choosing to exercise a right of lien should seek legal advice prior to doing so to ensure that such a right exists and is not superseded by statutory or other obligations.

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