



**P**ractitioners will probably be aware that a number of lending institutions offer transmission of a borrower's loan funds by way of electronic transfer directly into the borrower's solicitor's client account. It has come to the attention of the Conveyancing Committee that some lending institutions sending and / or receiving such electronic transfers automatically deduct their charges from the loan amount being transferred. If solicitors are not aware of the fact that a deduction has been made or if they do not know the exact amount of such deduction, they are at risk of breaching the Solicitors' Accounts Regulations if they draw the full amount of a client's loan from their client account in order to close a purchase transaction.

The committee raised its concerns about this practice with the Irish Bankers' Federation and was advised that the Federation does not issue guidelines to its members on whether or how fees or charges for such electronic transfers should be collected. The Federation suggested that solicitors should take the matter up with their own individual banks to ascertain the procedures used and the fees charged.

The committee therefore recommends that every solicitor using electronic transfers of loan funds (or indeed any funds) should establish with his / her bank and with the borrower's lending institution (if different):-

- what the bank's procedures are for collecting fees / charges for electronic transfers.
- how much the bank charges for sending money electronically
- how much the bank charges for receiving money electronically
- who pays the fee / charge – the sender or the receiver?

In this regard a solicitor should insist that any fees or charges to be debited by his / her own bank should be deducted from the solicitor's office account in the same way as any other bank charges arising on the operation of the solicitor's client account. The committee is aware that a lending institution that offers only an electronic transfer of funds and does not issue loan cheques or bank drafts, does not make a charge for sending the loan funds electronically, although it has pointed out that the receiving bank may levy a charge on its own customer.

## ELECTRONIC TRANSFER OF FUNDS