

In using the **Service**, all **Users** agree to the following **Terms of Business** (for explanation of words in bold see attached table of definitions):

1. General

- 1.1. These **Terms of Business** are the conditions of the contract (**Agreement**) between the **Company** and the **PGS** under which security is held and may be changed without notice during the life of the **Agreement**. The latest **Terms of Business** showing on our website will always be those which apply to any **Agreement** regardless of when the **Agreement** was made.
- 1.2. The **Company** is not responsible for confirming the lawfulness of any appointments or selections of **Surveyors** or other consultants involved in the transaction process. In using the **Service**, all **Users** confirm their acceptance that all such appointments are valid and that if made under the Party Wall etc. Act 1996 (**PWA**) cannot be rescinded.
- 1.3. A **Security Agreement** will usually include conditions that must be met before the **Security Sum** can be released. Any such conditions are outside the control of the **Company** and are a matter between the **Users**.
- 1.4. Where the Person Giving Security (**PGS**) is a "consumer" meaning any individual acting for purposes which are outside any business they may carry on, the **Service** comes under The Financial Services (Distance Marketing) Regulations 2004. In such cases the right to cancel under Regulation 9 will apply and Security for Expenses will only be fully effective 14 days after the **Security Sum** and fees have been received, accepted, and processed by the **Company**.
- 1.5. All **Security Agreements** must be in English.
- 1.6. The **Security Sum** will be held in a segregated Client Account and will not be mixed with the **Company's** own money. In this way the **Security Sum** is "safeguarded" under the Payment Services Regulations.
- 1.7. If Government authorities or similar bodies request that the **Security Sum** is withheld pending Money Laundering or Anti-Terrorism checks or make other requests of a comparable nature or if the **Company** suspects that these activities may be taking place the **Company** may delay payment until such checks are completed and the **Company** bears no liability for such delays.
- 1.8. The **Company** will communicate with **Users** by displaying information on its website and by email. The **Company** is not obliged to communicate using any other method of communication.
- 1.9. English law applies to this **Agreement**.
- 1.10. A person who is not a party to the **Agreement** has no rights under the Contracts (Rights of Third Parties) Act 1999 to rely upon or enforce any term of the **Agreement**.
- 1.11. All interest accruing on **Security Sums** held in the **Company's** segregated client accounts will be retained by the **Company**. Any negative interest applied to the **Security Sum** by the bank holding the funds will be deducted from the **Security Sum**.

- 1.12. If: (a) we reasonably suspect that the **PGS** has given us false information; or (b) we reasonably suspect that the account is being used for an illegal purpose; or (c) the **PGS** behaves in an unreasonably threatening or violent manner towards our staff, then we may withhold funds which are due to be returned to the **PGS** and take reasonable steps to comply with the law and for the protection of our staff. We may deduct reasonable expenses incurred in so doing from the amounts due to be returned to the **PGS**.
- 1.13. The **Parties** will be responsible for all losses caused by any fraudulent activity on their part or that of any person acting with their authority.
- 1.14. We will not be liable to the **Parties** for any breach of or failure to perform our obligations where that breach or failure is due to abnormal circumstances beyond our control, and despite our reasonable efforts to rectify the situation.
- 1.15. In the event of failure of the banking system the **Company** will only be liable to the **PGS** for the amount recovered from the **Company's** bank.
- 1.16. If any part of these **Terms of Business** proves to be unenforceable it will not affect the validity of the remaining **Terms of Business**. Any relaxation by us of any of the **Terms of Business** from time to time does not affect our right to enforce the **Terms of Business** strictly at any time.

2. Users' Obligations

- 2.1. **Users** agree that the personal details they submit to the **Company** will be accurate and correct and will update these details to keep them accurate.
- 2.2. It is the responsibility of the **Users** to ensure that the conditions of the **Security Agreement** have been met and that the instructions for the release of the **Security Sum** are correct. The **Company** will act strictly in accordance with the instructions received.
- 2.3. If the **Security Sum** is returned to the **PGS** by the **Company** in error or due to fraud the **PGS** agrees to return such sum to the **Company** on its request.
- 2.4. We may record telephone calls with any **Users** to ensure that we provide a good service and that we follow instructions correctly.
- 2.5. The **Company's** records will be evidence of our dealings in connection with our **Service**. **Users** agree not to object to the admission of our records as evidence in any legal proceedings on the grounds that such records are not originals, are not in writing or are documents produced by a computer.

3. Fees

- 3.1. Fees must be paid into the **Company's** current account separately from the **Security Sum** before Security for Expenses will be confirmed as being effective or any payments made from the **Security Sum**.
- 3.2. Any outstanding fees due to the **Company** may be deducted from the **Security Sum**.
- 3.3. If the **PGS** requests the return of the **Security Sum** for any reason after it has been transferred the fee is not refundable. If the fee has not been paid at that time it

will be deducted from the **Security Sum** and the balance returned to the **PGS**.

4. Payments to the Company

- 4.1. The **Company** may reject funds paid into its client account if those funds are not paid from the bank account registered with the **Company** or if not paid with the correct reference as instructed by the **Company** or if not for the exact amount. A fee will be deducted from any returned funds.
- 4.2. Payments into the **Company's** client account must be made from a bank account in the name of the **PGS** held at a United Kingdom bank regulated by the Prudential Regulation Authority (PRA).
- 4.3. Receipt of funds by the **Company** will be treated as occurring when funds are irrevocably cleared in our account and our fee has been paid.
- 4.4. It takes longer to confirm the source of funds when payment is made by BACS, CHAPS or other intermediary banking services. When payment is made by such means the **PGS** must provide a Confirmation Statement from their bank confirming details of the payment.

5. Release of and Payments from the Security Sum

- 5.1. Payments from the **Company's** client account will only be made into United Kingdom bank accounts validated by the **Company** and not into any other account.
- 5.2. The **Company** will only release the **Security Sum** in accordance with the **Release Mechanism** as defined in the schedule of definitions unless varied in the **Agreement Schedule**.
- 5.3. We use a secure online service for signing security release forms. The signatories nominated in the **Release Mechanism** will receive an email from us via [signable](#) or such other service provider as the **Company** may select with a link to a secure site where the release form can be signed.
- 5.4. Where **Security** is being held under the **PWA** the **Company** will disburse funds in accordance with the **Release Mechanism** notwithstanding the fact that an appeal may have been made to the County Court under Section 10(17).
- 5.5. When we are directed to release funds or make a payment to a **Third Party** we will make an initial transfer of £10.00. On confirmation by the payee of safe receipt we will transfer the balance.
- 5.6. We aim to make payment by instructing our bank to transfer funds within three working days of completion of our **KYC** procedures.
- 5.7. The **Company** may delay or refuse release of the **Security Sum** if: (a) we reasonably suspect fraudulent activity may be involved; or (b) instructions are unclear, incomplete or not in the required form; or (c) to do so might be contrary to a law, regulation, code or other duty which applies to us; or (d) we have any other valid reason for not acting on received instructions. If we refuse to make a payment we will notify you by email or any other suitable form of communication and, if possible, give our reasons for doing so.

5.8. The **Company** is required to screen all payees including the **PGS** to ensure that they are not subject to sanctions before any payment can be made including any release of the **Security Sum** to the **PGS**.

5.9. The **Company** will not be liable for any loss suffered in respect of a payment that has not been authorised or which has been incorrectly paid unless we are notified without undue delay and not later than one month after the date of the payment. This Condition will not apply if we have failed to provide information about the payment.

5.10. In the event of the **PGS** becoming insolvent or struck off the register at Companies House the **Security Sum** will be released as and when directed in accordance with the **Release Mechanism** to the legally appointed receiver or administrator and the **Company** may deduct the **Third Party KYC** fee from the balance to be returned.

6. Know Your Customer (KYC) Due Diligence

- 6.1. The **Company** is required to carry out "Know Your Customer" (**KYC**) "Customer Due Diligence" (**CDD**) on all payers and payees. Proof of identity documents are required from the **PGS** in setting up the account so that **KYC** can be completed without delay when payment is directed.
- 6.2. When we are directed to release the **Security Sum** to a **Third Party** we need to undertake **KYC** on the payee and a further fee is payable. **KYC** may be carried out pending receipt of the additional fee at the discretion of the **Company** in which case the fee will be deducted from the **Security Sum**.
- 6.3. The **Parties** may agree or the **Surveyors** may determine that a **Third Party** shall be cleared in advance to receive funds in which case we will carry out **KYC** on receipt of the appropriate fee.
- 6.4. When we are directed to release the **Security Sum** to an account in the name of the **PGS** that is not the account from which funds were originally received it will be regarded as a **Third Party** payment and the appropriate **KYC** fee is payable.
- 6.5. Before the **Security Sum** can be released or disbursed, Enhanced Due Diligence (**EDD**) may be required for any **PGS** and/or **Third Party** in accordance with the **Company's** Anti-Money Laundering Policy. The cost of such **EDD** will be deducted from the **Security Sum** if not already paid.
- 6.6. If a **User** is resident or registered in a High Risk or other jurisdiction monitored by the [Financial Action Task Force \(FATF\)](#) a comprehensive **EDD** report will be required for the individual(s) and/or corporate entities concerned.
- 6.7. If a **User** is resident or registered outside the UK (including offshore jurisdictions such as the Channel Islands, Isle of Man, Virgin Islands, etc.) a comprehensive **EDD** report may be required for the individual(s) and/or corporate entities concerned.
- 6.8. **KYC** may comprise **CDD** or **EDD**. The **Company** is not responsible or liable for any delay caused by **KYC** procedures.
- 6.9. **KYC** fees are not refundable once the process has been started.

7. Information

- 7.1. The **Company** will hold information on its **Users** in accordance with UK Data Protection law for the legitimate purpose of providing the **Service**.
- 7.2. Any personal information provided to us will be used to discharge our obligations under the anti-money laundering regulations and other relevant legislation and may be disclosed to third parties for those purposes.
- 7.3. Information comprises all the details we hold about any **User** and may include information obtained from third parties. We may use and share information to help: (a) assess risks, (b) recover debt, (c) prevent crime, (d) understand **User** requirements, (e) develop and test products and services.
- 7.4. We do not disclose information to anyone except: (a) where we have permission; or (b) where we are required or permitted to do so by law; or (c) to fraud prevention agencies and other companies that provide a service to us; or (d) where we may transfer rights and obligations under this agreement.
- 7.5. As required by HMRC, information will not be erased for six years from the date that the **Security** account is closed. Until that time a **User** has no right to erasure of data held.

8. Prevention of Fraud, Money Laundering, Terrorist Financing, etc.

- 8.1. As a registered Money Service Business, the **Company** is required to carry out certain checks as part of crime prevention measures. We may contact **Users** by post, telephone (including mobile phone), email or we may leave a message asking them to call us. We may ask them to contact us or to pay a token amount to us by bank transfer from their registered bank account to confirm their identity.
- 8.2. The **Company** may take whatever action it considers appropriate to meet any obligations relating to the prevention of crime, money laundering and terrorist activity and the provision of financial and other services to persons who may be subject to sanctions. This may include, but is not limited to, investigating and intercepting payments into and out of the **Company's** accounts and investigating the source of or intended recipient of funds. It may also include making enquiries to establish whether a person is subject to sanctions or is politically exposed. Exceptionally this

Revisions

2019-07-02	Clause 4.9 amended.
2020-12-30	Clauses 1.1, 1.3, 1.10, 1.15, 3.1, 3.3, 4.4, 4.8, 4.9, 4.11, 4.17, 5.1, 5.3, 8.1 and 8.2 amended. Clauses 4.13 and 4.18 replaced.
2022-10-03	The word "Customer" replaced by "User". New clause 1.1 inserted and original clause 1.9 deleted. Section 1 renumbered accordingly. Section 4 re-ordered and split to create Section 5. Clause 4.4 (now 5.4), 6.1 (now 8.1), 6.2 (now 8.2) and 8.3 (now 10.3) amended. Clause 4.6 deleted. New Section 5 for payments out of the Security Sum. New section 6 relating to KYC procedures, subsequent sections renumbered. Minor amendments for clarification.

may delay the execution of directions or the receipt of cleared funds but, where possible, we will indicate the reasons for and likely length of any delay. If we are not satisfied that a payment is lawful, we may refuse to deal with it.

- 8.3. The **Company** shall not be responsible for any loss or delay incurred as a result of us taking the actions required under **KYC** or anti-money laundering procedures.
- 8.4. A copy of the **Company's** anti-money laundering policy is available on request.

9. Complaints

- 9.1. If we do not deliver the standard of service you expect, or if you think we have made a mistake, please let us know by emailing office@securityforexpenses.co.uk. Our complaints handling procedure complies with Regulation 101 of the Payment Services Regulations 2017 and is available on our website.
- 9.2. We will investigate the situation and try to put matters right without delay. Where appropriate we will also take steps to prevent a recurrence. You may also be able to refer your complaint to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

10. Disputes Between Parties

- 10.1. The dispute resolution process detailed in this section does not relate to a dispute between a **PGS** and the **Company**. A dispute between a **PGS** and the **Company** will be dealt under the complaints procedure above.
- 10.2. The **PWA** requires that in the event of a dispute between the **Parties** over the release of the **Security Sum** then the dispute resolution process set out in Section 10 of the **PWA** shall be engaged and the **Company** will not be under any obligation to release any part of the **Security Sum** until properly directed by the **Surveyors** or the Court.
- 10.3. Disputes between **Parties** are not under the control of the **Company**. In using our **Service**, **Users** understand and accept that the **Company** is obliged to follow the agreed **Release Mechanism**.
- 10.4. The **Company** is not responsible for the actions, decision, conduct or payment of any **User** or other person not employed or authorised by the **Company**.

Definitions	Party Wall etc. Act 1996	Licence	Building Contract	Bond	Court Order	Rent Deposit
The Act	Party Wall etc. Act 1996.					
Adjoining Occupier	An occupier of adjoining property as defined in Section 20 of the Act.					
Agreement	The contract between the Company and the PGS for the provision of the Service created by the PGS transferring funds to the Company's client account.					
Building Contract			The form of contract for building works made by the Employer with the Contractor or by a Contractor with a Sub- Contractor .			
CDD	Customer due diligence in accordance with the Regulations .					
Company	Security for Expenses Limited registered at Companies House, Cardiff (company number 10113125).					
Contract Administrator (CA)			The person named in the Building Contract with authority to direct payment from the Security Sum to the Contractor or Sub- Contractor .			
Contractor			The person or entity named as the Contractor in the Building Contract .			
Agreement Schedule	The schedule prepared by the Company setting out details of the Agreement including the PGS, parties, surveyors, CA, Security Sum and any variations to the Company's standard Terms of Business .					
Customers	See User .					
EDD	Enhanced due diligence in accordance with the Regulations .					
HMLR	His Majesty's Land Registry.					
HMRC	His Majesty's Revenue and Customs.					
KYC	Know Your Customer procedures as defined in the Company's Anti-Money Laundering Policy.					
Employer			The person or entity named as the Employer in the Building Contract .			

Definitions	Party Wall etc. Act 1996	Licence	Building Contract	Bond	Court Order	Rent Deposit
Licence		The Licence agreed by the Parties as submitted to the Company .				
Licensee		The person or entity to whom the Licence is granted.				
Offer	The offer made by the Company to the PGS including the Agreement Schedule .					
Owner	A "building owner" or "adjoining owner" as defined in Section 20 of the Act .	The person or entity granting the Licence (usually referred to as the "owner of neighbouring land").				
Parties	The building owner(s) and the adjoining owner(s) under the Act .	The parties named in the Licence .	The Employer and the Contractor or Sub-Contractor .	The parties named in the Bond.	The parties named in the Order.	The parties named in the Lease.
Person Giving Security (PGS)	The owner, person or entity providing the money to be held by the Company as Security.					
PWA	Party Wall etc. Act 1996.					
Regulations	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Payment Services Regulations 2017 and the Economic Crime (Transparency and Enforcement) Act 2022.					
Release Mechanism	Receipt by the Company of the Company's release form signed by the parties , any two of the surveyors , the third surveyor alone or an order of the Court.	Receipt by the Company of the Company's release form signed by the parties or their surveyors or an order of the Court.	Receipt by the Company of a Certificate for Payment issued by the CA under the Building Contract .	As defined in the Variations on the Agreement Schedule forming part of the Company's offer.		
Risk-free Transaction (RFT)	A Transaction in which the Security Sum is returned in full to the originating account of the PGS .					
Security Agreement	The conditions agreed between the parties or awarded by the surveyors under which the Security Sum is to be released.	The conditions under which the Security Sum is to be released which may be set out in the Licence.	The conditions under which the Security Sum is to be released as set out in the Building Contract .	The conditions under which the Security Sum is to be released as set out in the Bond.	The conditions under which the Security Sum is to be released as set out in the Order.	The conditions under which the Security Sum is to be released as set out in the Lease.
Security Sum	Funds deposited with us as Security for Expenses under the Act .	Funds deposited with us as Security.	Funds deposited with us as Security under the Building Contract .	Funds deposited with us as Security.		

Definitions	Party Wall etc. Act 1996	Licence	Building Contract	Bond	Court Order	Rent Deposit
The Service	The service offered by the Company by which it holds money “ <i>in escrow</i> ” on behalf of the Parties and releases it in accordance with the Release Mechanism .					
Surveyors	The surveyor(s) appointed or selected in accordance with Section 10 of the Act.	The surveyors or other persons or entities named in the Licence .				
Terms of Business	The standard terms and conditions under which the Company provides the Service and which form the basis of the contract between the Company and the PGS and which are posted on the Company's website.					
Third Party	Any party other than the Company and the PGS to whom a payment is directed to be made.					
Transaction	The deposit of the Security Sum with the Company and the disbursement by the Company of the Security Sum as and when directed.					
User	Any person or entity using our Service or named in an Agreement Schedule including but not restricted to the PGS, parties, surveyors, Contract Administrator, Adjoining Owners, and any Third Party payees.					
Variations	Variations to the Company's standard Terms of Business as set out in the Agreement Schedule forming part of the Company's offer to the PGS .					

3 October 2022