

PROFESSIONAL STANDARDS

About this helpsheet

In this helpsheet, 'accountant' means a chartered accountant who is a member of The Institute of Accountants in England and Wales.

This helpsheet is for anyone who does not agree with the fees their accountant has charged. It describes different situations in which you may find yourself in dispute with your accountant over fees and suggests what to do next. In some cases the Institute may be able to help.

Introduction

When you ask an accountant to do work for you and they agree to do so, you have created a contract. You should receive a letter which sets out the terms of the contract – often called a letter of engagement. It should explain who does what and how your accountant will work out the fees.

To work out how much you owe, accountants usually multiply the number of hours of work by their charge-out rates. Charge-out rates vary depending on the level of skill required. The Institute does not set these rates.

If your accountant doesn't give you this information, you should feel free to ask for it. You may also want to ask for a written estimate or quotation, and your accountant should give you one if possible.

The relationship between you and your accountant is subject to the law of contract. If a dispute arises over fees that have been charged, which is not resolved in any other way, it is the courts that decide whether a fee is properly charged. The Institute can't get involved in these disputes unless you both agree to use the Institute's fee arbitration scheme.

Some firms of accountants are authorised for **investment business** by the Financial Services Authority (FSA). If they are, and if you want to complain about the fees you've been charged for investment business services, you should contact the FSA. If you're not sure what investment business services are, ask your accountant or the Institute's complaints helpline (T +44 (0)1908 546235) for advice.

Common types of fee dispute and how to resolve them

1 The bill doesn't give enough information

If, before you pay the bill, you can't understand how it has been prepared, ask your accountant to give you a breakdown of the fees. You shouldn't have to pay for this information. A fee breakdown won't give details of absolutely everything, but it should be detailed enough to allow you to identify the work carried out for you during the period concerned. Ideally, it should tell you:

- what type of work was carried out
- who did the work and how experienced they are; for example, clerk, senior manager
- how long it took the staff to do the work and
- the charge per hour for the staff involved.

2 The bill is much higher than you were led to believe

If your bill is much higher than you were told it would be, ask your accountant to explain why. Accountants are obliged to give you this explanation and to try to resolve any misunderstanding.

If you are still not satisfied, you might be able to negotiate with your accountant and agree an acceptable figure. Remember that your accountant is more likely to be persuaded if you've got valid reasons to support your case. Your accountant doesn't have to reduce the bill but if a reduction is made, it doesn't mean that the original bill was wrong. If you can't agree, your accountant may go to court to resolve the fee dispute.

Using arbitration to resolve a dispute

If you and your accountant can't resolve the fee dispute, the Institute can appoint an arbitrator. Both you and your accountant must agree to take part in arbitration; the Institute cannot use pressure to make either party do this.

The arbitrator will be an independent accountant. Arbitration is sometimes cheaper and quicker than county court or High Court action. The fee arbitration scheme requires both parties to fill in an application form and provide a copy of the disputed bill (or bills). The cost of the arbitration is fixed and the amounts you and your accountant pay are worked out according to a fixed formula, based on the principle that the loser pays.

If you would like further details of the fee arbitration scheme, please contact the scheme administrator at the address shown at the end of the helpsheet or phone +44 (0)1908 546 229. For claims within the county court small claims track (currently £5,000), arbitration may cost more than the court process.

Legal action

Your accountant is entitled to take you to court to try to recover fees you owe. If you receive a county court or High Court claim, it means that your accountant has started legal action against you. You should consider getting legal advice. The court will decide whether the fee is reasonable for the work undertaken. Your accountant will not be disciplined by the Institute simply because a fee has been reduced in your favour.

3 The accountant's fees have been deducted from money held on your behalf

Usually, an accountant may only take the amount for the fees you owe out of money they have received from another source (for example, from HM Revenue and Customs) and are holding on your behalf if:

- you have agreed the amount with your accountant or it has been decided by a court or arbitrator or
- you have agreed (in writing) a formula for calculating the fees which can be used to work out the amount you now owe or
- you received the bill more than 30 days ago and you have not questioned the amount charged.

If you think your accountant has deducted fees from your money and none of these conditions apply, you should:

- discuss it with them
- give them a copy of this helpsheet and, if you're still not satisfied,
- contact the Institute.

4 What if your accountant keeps your papers?

Until the fee is paid, your accountant may have a legal right (called a lien) to keep any of your papers which they have used to carry out work for which you still owe money. However, once legal action or arbitration has started, your accountant should give the papers either to you or your new accountant. They have the right to keep those working papers and any other documents which are their property. Usually, your accountant can't use a lien to keep the statutory books or accounting records of a limited company.

If you urgently need the papers held by your accountant, you may be able to suggest that you place the fee you owe with a third party stakeholder, for example, a solicitor. If your accountant agrees, they should release your papers as long as you agree that they can have access to them, if necessary, during court action against you. If the court decides against you, the money you owe will be paid from the money you placed with the third party stakeholder.

Making a complaint to the Institute

The Institute considers all complaints. However, before you make a complaint, it is always better to give your accountant an opportunity to sort out the problem. If you think the Institute should look into the service your accountant has provided or any other matter (apart from the level of fees) you should write a letter of complaint to:

The Director, Professional Conduct Department
The Institute of Chartered Accountants in England and Wales
Metropolitan House
321 Avebury Boulevard
Milton Keynes
MK9 2FZ

or email psocomp@icaew.com and attach copies of all relevant correspondence. The Institute will consider your concerns as soon as we receive your letter (or email) and supporting documents. Wherever possible, please give the name of the accountant or principal who has been handling your affairs.

Fee disputes

My accountant has taken fee from money held on my account

Your accountant can only do this if the amount has already been fixed (for example, by formula or agreement) or if a bill was sent and you did not question it within 30 days.

Otherwise contact the Institute.

My accountant won't return my records

Your accountant may have a legal right to keep papers (a lien) if they relate to work which you have not yet paid for.

Accountants can't hold onto statutory or accounting records of a limited company.

If they do, contact the Institute.

If you need the records urgently, you might be able to get access to them by paying the amount you owe to a stakeholder, pending legal action over the fees.

I think fees are too high

This is a legal matter, not a matter of professional conduct.

Service is poor

Contact the Institute.

Bill is more than I was led to believe

Your accountant should give you an explanation and take steps to resolve any misunderstanding.

If not, contact the Institute.

I don't understand the bill

Your accountant should provide a breakdown free of charge, including:

- what work
- rank of staff
- hours taken
- rate charged.

If not, contact the Institute.