



# *Fee disputes*

This helpsheet is for anyone who does not agree with the fees their ICAEW Chartered 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 this helpsheet, 'accountant' means a chartered accountant who is a member of ICAEW.

## **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. ICAEW 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.

Some firms of accountants are authorised for investment business by the Financial Conduct Authority (FCA). If you want to complain about the fees you've been charged for investment business services, you should contact the FCA. If you're not sure what investment business services are, ask your accountant or contact ICAEW for advice.

## **COMMON TYPES OF FEE DISPUTE AND HOW TO RESOLVE THEM**

### **1. The bill doesn't give enough information**

If you can't understand how your bill 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**

Ask your accountant to explain why your bill is higher than expected. 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.

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 ICAEW 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 will 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; and
- 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 ICAEW.

## **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.