*Insert name of political representative*

*Address one*

*Address two*

*Address three*

*[Date February 2021]*

**Re: Proposed imposition of charges, so-called negative interest, by AIB and Bank of Ireland on transaction monies held in solicitor client accounts for and on behalf of clients/consumers.**

Dear *[Insert name of local TD]*

I am a solicitor with [Insert solicitor practice/firm name] and I am writing to you for and on behalf of my clients, your constituents.

As you are aware, commercial and conveyancing transactions are handled by solicitors, including the buying and selling of houses and land. All monies pertaining to such commercial transactions and particularly conveyancing transactions are passed through client accounts held with solicitors. There are very strict regulations relating to these client accounts and the only money a solicitor can hold for a client is money pertaining to a transaction.

AIB and Bank of Ireland have given notice that negative interest rates charges are to apply to client accounts and have wrongly included solicitor client accounts in the general application of these new charges. Solicitor client accounts are transactional accounts. Our clients, your constituents, who have borrowed money to buy a house, do not have large savings; they have borrowings. These banks are seeking to impose another charge, a so-called negative interest charge, on this borrowed money. Solicitors who bank with AIB or Bank of Ireland have now been informed that the banks intend to introduce the charge on all monies held in the solicitor client account. This will have a detrimental effect on consumers and create an additional financial burden.

In relation to AIB this charge is -0.5% and in relation to Bank of Ireland this charge is -0.65%. This means that our clients, your constituents, are now subject to a double charge by the banks. Banks charge the borrower interest on a mortgage. Banks now intend to also charge so-called negative interest i.e. a second charge on the borrowed money while it is going through the solicitor’s client account to complete the purchase or pay off the existing mortgage for the seller. While the banks claim that the new charge will not impact ordinary consumers, it is the consumer, my clients and your constituents that will quite literally pay the price.

It is clear that the concept of these charges introduced by the European Central Bank was to promote commerce and transactions and to stimulate the economy, however, by imposing this charge on client accounts held with solicitors doing transactions the opposite effect is generated.

The banks’ argument is that they are being charged negative interest rates from the European Central Bank, however, it is clear that not all the money the bank has on its hands is subject to this interest rate. Nonetheless the banks intend to charge this on every account including solicitor client accounts. It is therefore clearly a profit-making and gouging exercise for these banks.

You will not have to be reminded of the burden on the citizens of Ireland in bailing out the banks not so long ago. It is also to be noted that the government has a share in AIB and it is hardly in accordance with government policy that penal charges be imposed on commercial transactions designed to stimulate the economy.

We are calling on AIB and Bank of Ireland to exempt solicitor client accounts from these new charges to reduce unnecessary financial pressures on consumers.

I am requesting your assistance in fighting the imposition of this charge on money passing through solicitors accounts held for their clients’ transactions.

I should be obliged to hear from you in this regard.

Yours sincerely,

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Name**

**Solicitor**