

## **Practice Guideline No. 8**

### **Receipt by Credit Card**

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Money can be received into trust accounts by credit card payments but it is strongly recommended that law practices observe the following guidelines:

- Arrangements should be made with the law practice's ADI for merchant facility fees to be debited to the law practice's general office account.
- The only credit card facilities that should be used are those that permit the whole transaction amount to be credited.
- Arrangements should be made with the law practice's ADI that any "charge-backs" or reversed transactions will not be debited to the law practice's trust account. Credit card providers can reverse payments for a period of up to twelve (12) months from the date of the credit card payment. If the payment is reversed to a trust account and payment has already been made against the funds received by the credit card payment, there will be a deficiency in the trust account which the law practice will have to immediately restore from its own funds. It is the Society's preference that the possibility of such deficiencies be avoided by law practices making arrangements with the relevant ADI that any "charge-backs" or reversals will be debited to the law practice's general office account.
- Credit card reforms which came into effect on January 1, 2003 gave merchants, including law practices, the freedom to choose whether they wish to recover credit card charges from clients. If a law practice elects to pass the credit card charge on to the client the law practice must:
  - Advise the client that a credit card fee will apply prior to the transaction;
  - Advise the client of the amount of the credit card fee, either as a percentage, or a nominated amount.

Law practices should only charge to their client the actual amount they have paid as outlays or disbursements (e.g. merchant facility fees attached to individual transactions).

- Arrangements should be made with the law practice's ADI whereby responsibility for any fraudulent behaviour on the cardholder's behalf is determined prior to the establishment of credit card merchant facilities. Should the law practice not be satisfied with this arrangement then consideration should be given to whether or not to accept credit card payments into the law practice's trust account.
- The law practice's ADI should be consulted to obtain full details of the required protocols in relation to obtaining credit card payments both via telephone and in person.