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### **How Safe Is Your Money?**

The Government has moved one step closer to securing homeowners' money with a proposed act to ensure service charges are held in separate bank accounts for each apartment scheme in order to prevent a situation like Icelandic Bank wiping out years worth of collected funds.

Currently, the Financial Services Compensation Scheme (FSCS) will only protect consumers' accounts up to £3.26 million or a turnover of £6.5 million meaning in situations where property management companies have pooled together services charges of various properties, leaseholders face losing their funds which would potentially forfeit repair work, building maintenance and building insurance instalments.

At present, there is no requirement for managing agents to hold their clients' funds in separate accounts though it is a practice recommended by the Association of Residential Managing Agents (ARMA) and the Royal Institution of Chartered Surveyors (RICS). One property management company setting the best practice standard is Chainbow.

Roger Southam, Chairman of Chainbow, commented, "People just do not know how safe their money is and whether or not they would be up for extra service charges in order to have their buildings maintained and insured. What is worse, I do not think that the majority of the industry realises they are exposing their clients and their practices to a very real risk. Since last year we have seen Northern Rock close to collapsing, the flattening of Icelandic Bank and mergers of HBOS with Lloyds. It is not a stable market and with the UK's service charge sector worth an billions, it is imperative that the industry should be more closely monitored and protected."

Since branching into the residential property management sector in 2006, Chainbow has always kept separate bank accounts for each apartment scheme it manages and is backing the Government's proposed act.

Chainbow holds all residents' monies in separate, high interest Natwest accounts. Each residential scheme is able to compare their individual bank accounts with receipts of payment for services and charges carried out for their buildings, allowing for total transparency for how the company spends service charges.

Chainbow was founded by Roger Southam in 1989 and specialises in residential property management on behalf of owners, freeholders and developers. Chainbow aims to provide real value for money for its customers as well as changing their perceptions of property management. Chainbow does this through the provision of a clear charter aimed at setting out its values and promises to leaseholders, as well as an annual customer satisfaction survey intended to benchmark progress and identify areas for improvement.

Chainbow currently manages over 40 sites with 3,800 leaseholders across Greater London and intends to become the provider of choice property management and consultancy services in London. For further information on Chainbow contact Tel: 020 7928 9944, email: [ask@chainbow.com](mailto:ask@chainbow.com) or visit [www.chainbow.com](http://www.chainbow.com)