

GILLESPIE MACANDREW LLP - CONDITIONS OF BUSINESS

1. INTRODUCTION

These conditions of business and our Letter of Engagement set out the working relationship and terms of agreement between us, Gillespie Macandrew LLP and you, our client. By instructing us you agree to accept these terms and that they remain in force unless or until we mutually agree otherwise.

2. SCOPE OF WORK

The scope of work will be as set out in the Letter of Engagement. This will cover, among other things, what we will deliver for you, any key timescales within which we envisage the delivery taking place, and the basis on which our fees and costs will be charged and recovered.

3. INSTRUCTIONS

3.1. As your agents we act only on information and instructions given to us. You should not assume that we have knowledge of any factual matters.

3.2. If we are acting for more than one person we may take instructions from one person on behalf of the others and all will be fully liable for any actions taken or fees incurred.

3.3. If we are acting for a company or other corporate body, then unless advised otherwise in writing, we shall accept instructions from any Director or other office bearer of the company or body or any other company in its group, and from any other person reasonably appearing to us to have its authority to instruct solicitors in the matter concerned.

3.4. You may instruct us verbally, by e-mail or in writing although we may ask for formal written confirmation of verbal or e-mail instructions. Unless you expressly notify us to the contrary in writing we may accept instructions and take action on information sent to us from your e-mail address.

4. CONTRACTS

In Scotland it is common for your agents to enter into legally binding contracts on your behalf and therefore if there are any changes in your instructions you must notify us immediately to ensure we do not commit you to a contract you have subsequently changed your mind about.

5. **UK ANTI MONEY LAUNDERING REGULATIONS AND COMPLIANCE WITH RELATED STATUTORY AND REGULATORY PROVISIONS**

5.1. We are legally bound at all times to comply with the terms of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("the Regulations"). We must apply customer due diligence measures to all new and existing clients and the work we are instructed to carry out for them.

5.2. Customer Due Diligence (CDD) measures

5.2.1. The Regulations require us to carry out various measures before entering into a business relationship with or carrying out any transaction for any client and to monitor that business relationship on an ongoing basis and ensure that the CDD information we have is up to date. We will not start acting for you or carry out any instructions you give us until you have provided us with sufficient information and documentation to allow us to satisfy the CDD requirements imposed by the Regulations. It is therefore essential that you provide all information and documentation requested as soon as possible. We are required to verify the identity of all clients and certain other parties and we must be satisfied that the person is who they say they are by reference to official documents and records and we must keep copies of those documents and records. In this connection we are required to:

5.2.2. Identify and verify the identity of all clients.

5.2.2.1. Private Individuals - We require evidence of current address and also proof of identity by way of a passport or photographic driving licence. We must see the principal documents and not photocopies or scanned versions. In particular situations we can accept copies certified by certain professionals. We are happy to confirm what we can accept in this regard. We may also carry out additional online verification of identity using sources including credit checking agencies. By instructing us you agree to us doing so.

5.2.2.2. Corporate bodies and other organisations - The requirements for corporate entities such as companies, partnerships and trusts are more complex and once we know the nature of the entity for whom we will be acting we will advise what checks we need to make and what documentation we need to see. In the case of corporate bodies (as opposed to private individuals) we require to identify and verify the identity of the Beneficial Owner(s) and in the case of a company the

Directors. Where the Beneficial Owner is another legal person, trust, company, foundation or similar legal arrangement or entity we must establish the ownership and control structure of that entity also. In broad terms a Beneficial Owner is any individual who ultimately owns or controls more than 25% of the shares or voting rights in any body corporate and in the case of a trust means the settler, the trustees and the beneficiaries or in cases where the individuals benefitting from the trust have not been determined, the class of person in whose main interest the Trust has been set up.

- 5.2.3. Assess and obtain information on the purpose and intended nature of the business relationship or transaction. You will need to tell us what the aims of this business relationship or transaction are.
- 5.2.4. Identify and verify the source of clients' wealth and, separately, the source of any funds to be received by us. This may require us to request copies of bank statements, tax information, employment contracts, pay slips, consultancy agreements or confirmations from accountants, independent financial or tax advisors or other lawyers to enable us to verify the source of your wealth.
- 5.2.5. Identify any clients who are Politically Exposed Persons (PEPs) or relatives or close business associates of PEPs and apply an enhanced level of Client Due Diligence (that is the carrying out of additional checks and verifications) to all such clients. A PEP is an individual who is entrusted with a prominent public function and the definition includes the family members and known close associates of a PEP. We can provide a list of examples of positions and posts the occupiers of which are likely to fall within the definition of a PEP. These include but are not limited to sitting MPs, MSPs and Members of the House of Lords and holders of high ranking judicial or military office. A person remains a PEP for 12 months after ceasing to hold the relevant office. You must advise us if you think you are or may be a PEP or a relative or close business associate of a PEP.
- 5.2.6. Carry out enhanced CDD where there is a high risk of money laundering or terrorist funding. This includes where:
 - 5.2.6.1. the client is resident or established in a high risk jurisdiction or geographical area, or
 - 5.2.6.2. there is no face to face contact with the client, or
 - 5.2.6.3. the client is a PEP or relative or close business associate of a PEP, or

- 5.2.6.4. a transaction is complex or unusually large, or
 - 5.2.6.5. the client is a legal person or arrangement which is a vehicle for holding personal assets, or
 - 5.2.6.6. the client is a company which has nominee shareholders, or
 - 5.2.6.7. the customer is a business which is cash intensive or
 - 5.2.6.8. the corporate structure of the client is unusual or excessively complex given the nature of the client's business,
- 5.2.7. Identify and verify the identity of any person purporting to act on behalf of a client for example an investment manager, surveyor, other agent or employee of the client who has authority to instruct Gillespie Macandrew LLP on behalf of the client.
- 5.3. We will not accept any liability for any loss suffered in respect of any delay or failure to carry out your instructions or of us withdrawing from acting for you in circumstances where the reason for this is a failure by you to provide any information or documentation required by us to comply with the foregoing CDD requirements.
- 5.4. Other matters
 - 5.4.1. The CDD requirements in respect of identifying and verifying the identity of a client or beneficial owner or person giving instructions on behalf of a client set out above must be complied with before the establishment of the business relationship or the carrying out of any transaction. It is therefore important that all required identity and other CDD documentation is provided at the soonest possible opportunity. In particular please note that we will not be able to accept or pay out any money on your behalf until the relevant CDD procedures have been completed.
 - 5.4.2. We cannot accept any payments in cash or by way of Bank Draft or bank branch deposits to any of the firm's bank accounts. Where payment is to be made to any of the firm's bank accounts by bank transfer we require to see evidence of the name, account number and sort code of the account from which the payment is sent in the form of a remittance advice or payment instruction acknowledgement receipt from the bank making the transfer. We cannot accept bank transfers from any third parties including family, friends or related companies without carrying out full CDD on these parties. Any payments into any of the firm's bank accounts which do not comply with the above will be returned to the sending bank. We will not transfer any funds received, from you or on your behalf, which do not comply

with the foregoing procedures to any third party even where this may result in a delay in complying with your instructions. Any sums which have to be returned to you such as sums paid to us in error or where excess funds have been received will only be returned to the account they were received from. We will not accept any liability for any loss suffered as a result of any failure to or delay in complying with the foregoing requirements.

- 5.4.3. We are not permitted to hold client money following completion of a matter or transaction unless that money is to be used in connection with another matter or transaction in which we are already instructed by you and the completion of which is due to take place in the foreseeable future.
- 5.4.4. Where a client is unable or fails to provide satisfactory CDD documentation we will not establish a business relationship or carry out any transaction and will terminate any existing business relationship and cease acting.
- 5.4.5. We have to carry out ongoing monitoring and ensure that CDD information is up to date. You must inform us as soon as possible of any change of circumstance such as change of name or residential address, change in source of wealth or the source of funds to be used, or a change in country of residence. In the case of a body corporate (such as a Company, partnership, LLP, association or Trust), you must tell us of any change in the structure, the directors, partners, shareholders or share holdings or other Beneficial Owners.
- 5.4.6. In any case, before we act for you again we will require proof of identity to be refreshed if the proof that we hold is more 5 years old or we have not acted for you in any matter or transaction for 3 years or more.
- 5.4.7. We are required to keep copies of all documents acquired as part of the CDD process for a period of 5 years after, in the case of an occasional transaction, the date on which the transaction is complete, or in the case of a business relationship that relationship has come to an end.
- 5.4.8. Any personal data obtained by Gillespie Macandrew specifically as part of the CDD process will only be processed for the purpose of preventing money laundering or terrorist financing.
- 5.4.9. All UK corporate bodies are required in terms of the Regulations to provide us on request with the details and documentation we require to carry out CDD including information identifying its legal or beneficial owners.

- 5.4.10. In terms of the Regulations, the Proceeds of Crime Act 2002 and the Terrorism Act 2000 we must report to government law enforcement agencies any suspicions we have regarding money laundering, terrorist financing or the proceeds of crime. This includes crimes such as tax evasion or tax, benefit or insurance fraud. We are expressly prohibited from notifying any other party of the fact that any such report has been made. Such reports may include a request for consent to continue to act. In the event that such consent is not forthcoming we must withdraw from acting.
- 5.4.11. In view of the increasing incidence and complexity of cybercrime and online fraud, where you tell us of the bank account you wish us to send funds to by email or in a letter, we will contact you on a phone number we have used previously to contact you and know to be your telephone number to verify the account details. If we cannot satisfy ourselves that the instruction is genuine and comes from you we will not process your instruction to transfer the funds until we can confirm the details with you and we will not accept liability for any loss suffered as a result. If you subsequently change the details of the account you request us to transfer funds to we will apply the same procedure.

6. **FEES**

6.1. Fees will be calculated on the basis set out in the Letter of Engagement.

6.1.1. In some transactions it is not possible to quote precise fees as the amount of work is not known at the outset. In such cases we will provide an estimate only at that point for initial budgeting/purchase ordering purposes. Any estimate of fees given will not be binding unless it is expressly stated to be a fixed fee quotation. In ongoing matters we will supply updated estimates as agreed in the Letter of Engagement.

6.1.2. Fees incurred are payable whether or not a matter is successfully concluded or completed and we will charge for the work undertaken by us.

6.1.3. Fee rates are reviewed periodically and subject to any provisions in the Letter of Engagement we will inform you of any change of rates in advance of that revision taking effect.

6.2. Fixed Fees

6.2.1. Where a fixed fee quotation has been given the fee will be as quoted.

6.2.2. If additional work is instructed by you, becomes necessary and performed by us out-with the scope of a fixed fee quotation you may be required to pay an

additional fee based on the amount of the additional work involved. We will endeavour to provide an estimate of that additional fee at the point the revised or additional instruction is received from you or when identified by us as necessary.

6.3. Hourly and Daily Rate Fees

6.3.1. Fees will be calculated on the basis of hourly rates applied to the time spent working on the matter. Rates depend on the seniority and specialised knowledge of the appropriately qualified member of our staff. We seek to have the work carried out by the individual who can provide the necessary service at the more efficient rate for the client.

6.3.2. The time includes that spent on considering and drafting documents, advising, reporting, dealing with correspondence, telephone calls, e-mails, preparing for and attending meetings and making notes of meetings, researching the law, attending court and travelling. Hourly rates are calculated in units of one tenth of an hour (i.e. 6 minutes). Details of these rates are set out in the Letter of Engagement where appropriate.

7. **OUTLAYS, OTHER EXPENSES AND VAT**

7.1. Fees quoted or estimated exclude outlays and other expenses which we incur on your behalf or in the course of providing you with agreed services.

7.2. Outlays incurred by us, specifically on your behalf, such as court costs, fees payable to advocates instructed by us on your behalf, search fees, registration fees, LBTT and property advertisements are due for immediate payment by you.

7.3. Other expenses incurred in the process of providing you with our services and advice are due for payment along with fees unless agreed otherwise.

7.4. We reserve the right to require advance payments from you to cover expected fees and outlays. If payment is not made we may withdraw from acting for you.

7.5. V.A.T. will be due and charged at the appropriate rate on all fees and expenses.

8. **COURT COSTS**

If you instruct us in a matter which goes to Court you may be found entitled to expenses from another party. Our fees remain payable whether or not courts costs are actually recovered. Experience shows it is unlikely that any amount recovered will be sufficient to meet all your costs. You should therefore assume that even if your action is successful,

there will be additional costs payable to us over and above anything that may be recovered from the other party.

9. **PAYMENT OF FEES AND OUTLAYS**

9.1. Fees are payable on issue of the Fee Note. Fee Notes may be issued at stages of the transaction or on completion of the transaction but we will issue interim fee notes monthly unless another basis is agreed with you.

9.2. Where you have provided us with debit or credit card details as a method of payment we will apply for payment 3 days after date of issue to you of the Fee Note or Statement of Outlays. No charge is made for payment by means of an approved debit card or credit card.

9.3. We may deduct from any monies held for you any fees and outlays due to us.

9.4. We reserve the right to charge interest on fees (including VAT) and outlays if not paid within thirty days of the relevant invoice date. The rate payable will be at the Bank of Scotland base rate applicable on each day plus 5%. We may also suspend or cease any further work on your behalf if payments are not made within terms.

9.5. When you and others are joint clients you will each be jointly and severally liable for fees and outlays which means that we may recover the full amount from any one of you. This also applies where you are representing a company or other corporate body in which you have a significant financial interest: as the individual instructing us you are liable for our fees and outlays if the corporate body fails to make due payments.

9.6. Where it has been agreed that a third party will pay for certain elements of fees and expenses and the third party fails to make payment, you remain liable to us for such payments.

10. **PURCHASE ORDERS**

If your organisation requires the provision of purchase orders and the inclusion of purchase order numbers on invoices and fee notes, you must ensure we are aware of this at the outset and that these are provided to us as soon as possible and in any case within 28 days of the commencement of the transaction.

11. **CLIENTS' MONEY**

11.1. Where the interest likely to be accrued on money received on your behalf exceeds £100 we will set up a specific deposit account in your name. This interest is payable to you. Where

interest is not likely to exceed £100, the funds are held in a general account and interest is not payable to you.

- 11.2. Where we hold money on your behalf, we currently have arrangements with the Bank of Scotland and Royal Bank of Scotland but may, from time to time, select other financial institutions.
- 11.3. In the event of insolvency of banks or other financial institutions there are limits on the deposit amounts which are guaranteed under the Government backed Financial Service Compensation Scheme. From 30 January 2017 this covers individuals for certain amounts up to £85,000 with higher levels for some temporary high balances. Further information on this is available on the FSCS website at <http://www.fscs.org.uk> or by calling them on the Freephone number **0800 678 1100** or writing to them at: Financial Services Compensation Scheme, 10th Floor, Beaufort House, St Botolph Street, London, EC3A 7QU.
- 11.4. We reserve the right to take steps to verify bank details provided at the outset and/or if there are changes during the transaction. This may delay the payment of funds to safeguard your money if we cannot satisfy ourselves adequately that these details are correct.
- 11.5. In the UK there have been instances of clients having funds diverted fraudulently and not being received by the solicitor as intended. This is generally as a result of fraudulent e-mails. In the unlikely event that you receive an e-mail from us advising of a change in our bank details for you to send funds to, please contact our switchboard on 0131-225-1677 and ask to speak to our Cash-room or to the person in the firm you have been dealing with. They will be able to confirm whether or not this is genuine before you make any funds transfer.

12. **TRANSACTION SETTLEMENTS**

Property and other transactions are usually settled by our making payments on your behalf from our Clients' Account. To comply with Law Society of Scotland Rules we must have cleared funds in that account. You must ensure we have these cleared funds in our Client Account prior to the settlement. You may do so by direct bank transfer or cheque but you should note that cheques can take up to one week to clear. If we do not have cleared funds we will not be able to settle the transaction on the due date in which event you may be in breach of your contract.

13. **PROPERTY SALES**

If you are selling a property we have to provide a guarantee at completion of the sale that there is nothing on record that shows you are not the rightful owner and you have the right to sell free of any mortgage or other rights anyone else might have over the property. This

guarantee is backed by our Professional Indemnity Insurance, but it is a condition of the insurance that you must advise us of all Mortgages, Standard Securities, Charges or Inhibitions affecting you or the property or anything else you have signed that gives someone else rights over your property e.g. in connection with a loan. You must tell us about any or all of these and if you are in any doubt about this, please consult us immediately.

14. **PERSONAL DATA**

14.1. We will be processing information relating to identified or identifiable natural persons in connection with our legal services (**Personal Data**). The processing of Personal Data is governed by the General Data Protection Regulation (EU 2016/679). We will be acting as 'controller' within the meaning of the Regulation.

14.2. Please refer to our Privacy Notice which is available to download at <https://www.gillespiemacandrew.co.uk/privacy-notice/> (**Privacy Notice**). A copy of our Privacy Notice may have been provided to you together with these terms and if it has not, is available upon request. Our Privacy Notice sets out the following information:

14.2.1. the purposes for which we process Personal Data as well as the legal bases for that processing;

14.2.2. our legitimate interests in processing your Personal Data;

14.2.3. the recipients or categories of recipients of your Personal Data;

14.2.4. why and on what basis we transfer Personal Data outside of the European Economic Area;

14.2.5. the criteria used to determine how long we will store your Personal data;

14.2.6. your rights in relation to your Personal Data;

14.2.7. your right to lodge a complaint in relation to the processing of your Personal Data;

14.2.8. when it will be a legal or contractual requirement for you to provide us with Personal Data.

14.3. Unless you ask us not to, we will use some of your Personal Data, including your name, telephone numbers, postal address and e-mail address to send you information about our services which we consider may be of interest to you. If you do not wish to receive any such communications, please write to the Marketing Manager, Gillespie Macandrew LLP, 5 Atholl

Crescent, Edinburgh, EH3 8EJ or send your request by email to: rhiannon.porter@gillespiemacandrew.co.uk.

15. **TERMINATION**

Either you or we may end our appointment at any time. If the appointment is ended all fees (including any cancellation fee quoted) and outlays are due for payment immediately. We reserve the right to retain papers, titles and any other documents pending payment of outstanding sums due. Consumer contract regulations may provide you with additional rights of terminating or cancelling our appointment, and if that is the case we will advise you of your rights in or along with the Letter of Engagement.

16. **AUDITOR**

We expect to provide you with high quality services within fees and terms agreed between us but In the event that you do not accept the amount of any fee charged it can be referred to the independent decision of the Auditor of the Court of Session. Please be aware that the Auditor charges a fee for his services and you will be responsible for the cost of this unless the Auditor decides otherwise.

17. **COMPLAINTS**

17.1. We aim to provide a high quality service to all our clients. However, if you are dissatisfied with any aspect of the service provided, please raise the matter as soon as possible with the Partner responsible who will endeavour to resolve the issue. If you are still not satisfied please write to the Client Relations Partner, Gillespie Macandrew, 5 Atholl Crescent, Edinburgh, EH3 8EJ, specifying your complaint. The Client Relations Partner will then deal with the matter in accordance with the standards laid down by the Law Society of Scotland.

17.2. A copy of our complaint process is available at our website <http://www.gillespiemacandrew.co.uk/contact-us/complaints-procedure/> or on request from the Partner responsible or the Client Relations Partner at the address above.

17.3. In the event that you remain dissatisfied with the outcome you are entitled to refer the matter to the Scottish Legal Complaints Commission (SLCC), The Stamp Office, 10-14 Waterloo Place, Edinburgh EH1 3EG, Tel 0131 201 2130. enquiries@scottishlegalcomplaints.org.uk . Such reference to the SLCC must be made **within one year** of the service ending or the event giving rise to the complaint occurring. This period has been extended to three years for services commencing after 1 April 2017.

17.4. We recognise that Alternative Dispute Resolution Regulations have implemented ADR/EDR Directive 2013/11/EU to promote alternative dispute resolution as a means of redress for

consumers in relation to unsatisfactory services. We have however chosen not to adopt an ADR process, and if you have any concerns about the services you receive from us, you should contact the Client Relations Partner as above.

18. **PROVISION OF ADVICE THROUGH FIRM ONLY**

All services and advice supplied by us are the responsibility of Gillespie Macandrew LLP only and no liability shall attach to any individual whether partner, member, consultant, associate or employee of Gillespie Macandrew LLP who may have supplied or been involved in supplying any services or advice.

19. **STORAGE OF PAPERS AND DOCUMENTS**

We will normally keep our file of papers for 5 years (or another period stated in the Letter of Engagement) in either a physical or electronic format but we may thereafter destroy it. We will not destroy documents (such as Wills, Titles and Securities) that you ask us to keep in our custody.

20. **LIMITATIONS AND EXCLUSIONS**

20.1. Unless expressly stated in the Letter of Engagement the work will not include:

20.1.1. Monitoring or reminding you of warranty periods or other notice periods. In particular purchasers who are buying or renting land and buildings in Scotland are obliged to make a Land and Buildings Transaction Tax (LBTT) Return to Revenue Scotland and to pay any LBTT assessed on the transaction. If we are acting for you as a purchaser or tenant we will prepare and submit the LBTT return on your behalf at the time the property is purchased or the Lease is completed provided that you have put us in funds to meet the LBTT payable in full. The Tenant under a Lease is obliged to make three yearly updated Returns to Revenue Scotland and pay any additional LBTT assessed. Penalties apply if these returns are not submitted on time. Whilst we are happy to provide advice and assistance in completing these returns we will not provide reminders of the due dates and accept no responsibility for failure to submit a return on time. It will be for the client to ensure that they make their own arrangements to ensure that the three yearly return is submitted on time.

20.1.2. Corporate or other tax or fiscal duty advice (other than Land and Buildings Transaction Tax in relation to property transactions). We will assume you have considered the tax consequences of any transaction you instruct us to carry out and that you do not require us to provide or source tax advice on such matters. We

do have specialist private personal tax advisers and if you wish this form of tax advice please let us know.

- 20.2. We will use reasonable skill and care in the provision of our services. This may involve the consideration of the level of risks or prospects of success and you accept this is done on the basis of information available to us. Any decision on accepting any such risk is for you alone.
- 20.3. We are not liable for any advice or opinions or the costs thereof given to you by third parties whether or not recommended by us.
- 20.4. Our services are provided for you as our client only and no other person may use or rely on them nor derive any rights from them.
- 20.5. Drafts or other provisional advice should not be relied upon as our final view of any matter.
- 20.6. Our advice is given in accordance with the law as it exists at the time that the service is provided. We will not be responsible for any changes after the advice was given.
- 20.7. Nothing in these conditions of business shall limit or exclude our liability for:
 - 20.7.1. death or personal injury caused by our negligence,
 - 20.7.2. fraud or fraudulent misrepresentation, or
 - 20.7.3. any other liability which cannot be limited or excluded by applicable law.
- 20.8. Subject to paragraph 20.7 above, we shall not be liable to you, whether in contract, delict (including negligence), for breach of statutory duty or otherwise, for:
 - 20.8.1. loss of profits,
 - 20.8.2. loss of sales or business,
 - 20.8.3. loss of agreements or contracts,
 - 20.8.4. loss of anticipated savings,
 - 20.8.5. loss of or damage to goodwill,
 - 20.8.6. loss of use or corruption of software, data or information, or
 - 20.8.7. any indirect or consequential loss.

20.9. Subject to paragraph 20.7 above, unless we expressly agree another limit with you in writing, our aggregate liability in respect of any claim, circumstance or series of related claims or circumstances, whether in contract, delict (including negligence), for breach of statutory duty or otherwise shall be limited to £5,000,000.

20.10. We are not liable for any indirect loss or damage or any loss of profit or other consequential loss.

20.11. We are not liable for the loss of money held on your behalf with any bank or other financial institution if such loss arises from the insolvency or other failure to make payment on the part of such bank or institution for reasons outwith our control.

21. **OTHER JURISDICTIONS**

21.1. The scope of our advice extends only to matters of (1) Scots Law, (2) English law where one of our English-qualified solicitors has agreed in writing to advise you on English law and (3) other laws which have direct application within the Scots Law jurisdiction. Where we give advice in relation to matters which are subject to laws of any other jurisdictions, we cannot accept responsibility or liability for the same. In these cases we will give advice strictly on the basis we are providing objective commercial advice to help enable you to consider in what form if any you require additional advice from persons in that other jurisdiction.

21.2. We can introduce relevant persons qualified in other jurisdictions, but in all cases your engagement of their services whether directly or indirectly through us is a matter of separate contract and you will be liable for their fees and costs and we do not accept any liability or responsibility for their advice under other jurisdictions or laws out-with Scotland.

22. **SCOTS LAW**

Scots Law governs the provision of all services to you and all actions on your behalf, whether or not you are based in Scotland or the services or actions take place in Scotland. The Scottish Courts shall have exclusive jurisdiction to deal with any dispute or matter arising from such services or actions.

May 2018