QLD LEGAL FINANCE

QUICK ANSWER · TRUST ACCOUNTING

Bank details change before settlement — *what should happen?*

The verification steps before trust money is released, who does them, and what has to happen if a payment has already gone.

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A last-minute change to bank details should be treated as a control event, not a routine amendment.

Queensland Law Society's Trust Accounting Guide reminds law practices to verbally verify payment details — including the account name, BSB and account number — before payment. That is a reminder in QLS guidance rather than a provision of the Act or the Regulation, but it is the control most likely to be examined after a loss, and treating it as optional is how firms lose client money. That requirement matters most when the payment instructions have changed.

The risk is straightforward: a trust payment can be correctly authorised, correctly recorded and still be sent to a fraudulent account.

> **QLF PERSPECTIVE**
> Changed payment details should make the process slower and more deliberate — not faster because settlement is approaching.

1. Stop the payment process

Do not simply overwrite the original bank details and continue.

A changed account should trigger a fresh verification step before the transaction is released.

> **RED FLAG**
> The only evidence supporting the changed details is the email that supplied them.

2. Verify the change using a trusted contact source

QLS says payment details should be verbally verified before payment.

The verification should be independent of the message containing the changed bank details.

- Use a telephone number already held on the matter file or obtained from a trusted source.
- Speak with the person or organisation entitled to receive the funds.
- Verify the account name, BSB and account number.
- Do not rely solely on a telephone number appearing in the email that changed the details.

> **GOOD CONTROL**
> The contact method used to verify the change should be independent of the channel that delivered the change.

3. Verify the person as well as the numbers

Reading the BSB and account number back to someone is not enough if the practice has not established who it is speaking to.

The file should support why the person confirming the details had authority to provide or confirm them.

> **DIRECTOR QUESTION**
> Who confirmed the changed details, and how did the practice know that person was genuine and authorised?

4. Record the verification

The verification should leave a short, usable record.

Record:

- date and time of the verification;
- name of the person contacted;
- telephone number or trusted contact source used;
- person within the practice who performed the call;
- account name, BSB and account number confirmed;
- any reason given for the change;
- any unusual feature or further escalation.

> **QLF PERSPECTIVE**
> If the practice cannot later show how the changed details were verified, the control effectively disappears from the record.

5. Re-check the client ledger and payment authority

The bank-detail change does not replace the other trust-payment checks.

Before release, confirm again that:

- the correct client and matter are being used;
- sufficient cleared funds are available on the relevant trust ledger;
- the payment is for the purpose for which the money may be used;
- the payment authority remains valid;
- the revised destination is consistent with that authority.

> **RED FLAG**
> The banking details are re-verified, but nobody re-checks whether the underlying payment instruction still supports the changed destination.

6. Escalate unusual or late changes

Not every changed account is fraudulent. But some changes deserve a second level of review.

Escalation is particularly sensible where:

- the change occurs immediately before settlement or payment;
- the new account is in a different name;
- the request asks the practice not to call;
- the request creates unusual urgency;
- the email tone or address differs from earlier communications;
- there have been multiple changes;
- the amount is material.

> **GOOD CONTROL**
> Urgency should never be allowed to override identity and payment verification.

7. Make the authorised releaser see the verification evidence

The person authorising the trust EFT should not have to assume that verification occurred.

The payment pack should show that the changed details were independently confirmed before release.

> **QLF PERSPECTIVE**
> Verification is strongest when it forms part of the approval evidence, not a separate conversation somewhere else in the file.

The changed-bank-details release test

BEFORE RELEASE	CONFIRM
☐ 1. Stop	Do not simply overwrite and release
☐ 2. Use trusted contact details	Verification channel is independent of the change request
☐ 3. Verify identity	The person confirming the details is genuine and authorised
☐ 4. Verify account details	Account name, BSB and account number are confirmed verbally
☐ 5. Record the check	The verification evidence is retained
☐ 6. Re-check the trust payment	Ledger, purpose, funds and authority remain valid
☐ 7. Authorise	The releaser can see the verification evidence before approving

What if the details cannot be verified?

Do not release the money merely because settlement or completion is time-sensitive.

If the changed details cannot be independently verified, the payment should remain on hold until the practice can establish a reliable basis for payment.

> **DIRECTOR QUESTION**
> Would you rather explain a delayed payment, or explain why trust money was sent to an account the practice could not independently verify?

Confirmation of Payee is a help, not a substitute

Australian banks now run Confirmation of Payee on many outgoing payments, matching the account name you type against the name on the destination account and warning you when they do not agree. It is a useful extra signal and worth switching on wherever the bank offers it.

It is not a verification step in itself. It checks a name against an account; it does not tell you that the person who sent the new details is who they claim to be, and it does not create the record the practice has to keep. Treat a match as one input to the verification, not as the verification.

If the money has already gone

Prevention is most of this guide, but a practice that discovers a trust payment has been made to a fraudulent account is no longer managing a payment problem. Trust money is missing, and that is a deficiency.

- Tell the bank immediately and ask it to attempt recall. Speed is the only thing that materially affects recovery.
- Preserve everything — the instruction, the verification record, the payment record, the bank correspondence, the email headers. Do not clean up the file.
- Give the Society written notice. Section 260 of the Act requires a legal practitioner associate who becomes aware of an irregularity in the practice's trust accounts or trust ledger accounts to give written notice to the Society as soon as practicable. Maximum penalty 50 penalty units.
- Rectify the ledger. Section 259 makes it an offence to cause a deficiency in a trust account or trust ledger account without reasonable excuse, with a maximum penalty of 200 penalty units; the client's money cannot be left short while the recall is pursued.
- Notify the insurer, and take advice on the client communication before making it.

> **THE ORDER MATTERS**
>
> The instinct is to chase the money first and deal with the paperwork afterwards. The recall call is genuinely urgent, but the notification and the rectification are obligations with their own timing, and a delayed notice is a second problem sitting on top of the first.

Where QLD Legal Finance fits

QLD Legal Finance can build bank-detail verification into the trust payment workflow, perform or document the agreed verification process, prepare the payment evidence and ensure the authorised releaser can see the result before approval.

The law practice remains responsible for determining the legal authority for the payment and for the ultimate release of trust money.

The objective is simple: a changed bank account should never become a changed trust payment without a fresh control check.

Important information

This guide is general information only and is not legal advice.

Queensland Law Society's current Trust Accounting Guide reminds law practices to verbally verify payment details, including account name, BSB and account number, before payment.

The verification sequence in this guide is a QLD Legal Finance operational control framework. It is not a separate statutory checklist issued by Queensland Law Society.

Law practices should also consider their own fraud-prevention, cyber-security, professional-risk and payment-authority procedures.

QLD Legal Finance supports Queensland law practices with trust accounting, financial control and advisory services. It is not affiliated with or endorsed by Queensland Law Society.

Source basis

Prepared by reference to Queensland Law Society, Trust Accounting Guide — Trust Money and Trust Accounts, Version 12, April 2024, including the guidance on EFT payment-detail verification.

WHERE THIS CAME FROM

This guide is part of the QLD Legal Finance resource library — practical material written for the people who run Queensland law practices, not for other accountants. If something here raises a question about your own firm, write to **enquiries@qldlf.com.au** or call **07 3261 2833**. A director will answer personally.

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