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PROPERTY PRACTITIONER NEWS FOR JULY 2026

(By Elwin Els)

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We review two July notices that came through independently but conveyed the same message.

Two separate notices landed this month with the same message: **trust accounts are not transactional accounts**. The PPRA and FNB's 3PIM desk have both flagged debit orders, stop orders and subscriptions being run against trust accounts — here is what practitioners need to know and do.

PPRA: No Debit Orders On Trust Accounts

The Property Practitioners Regulatory Authority has noted, with concern, cases of business property practitioners authorising debit orders, stop orders and monthly subscriptions on section 54(1) and 54(2) trust accounts under the Property Practitioners Act, 2019. Trust accounts exist solely to hold client funds and must be run strictly in line with the PPA, the Regulations, and fiduciary principle.

The PPRA's directive to all business property practitioners:

- No debit orders, stop orders or monthly subscriptions may be authorised against a section 54(1) or 54(2) trust account.
- No overdraft, loan, credit card or other credit facility may be linked to or operated through a trust account, under any circumstances.
- Trust accounts may never be overdrawn — including due to bank charges, debit orders, reversals or processing delays.
- Trust monies may only be used for the specific purpose for which they are held, per the mandate or underlying transaction.
- Trust accounts may not be used for personal, operational, staff, subscription, insurance, software/platform or other day-to-day business expenses.

Principal property practitioners are urged to review their trust account configuration now and confirm full compliance with the Act.

Same Warning, From The Bank's Side

FNB's media desk has issued a matching reminder to all clients: debit orders are not permitted on any trust account, <u>including third-party client accounts held under any investment management banking structure</u>.

The banking system does not technically block a debit order from being loaded against a trust account — which is exactly the risk. If one is loaded, FNB will not accept responsibility for it being processed, and will not arrange its reversal. Any dispute, cancellation or amendment must be resolved directly with the service provider that initiated it.

The Conundrum For Property Practitioners

The approach seems like a blanket approach which will have immediate and real negative side effects for the sector, as many third-party client accounts are ringfenced and separate and allow for the easy payment facilities of monthly payments such as loan repayments, insurance premiums, lift agreements and the like. During our most recent meeting with the PPRA and other industry leaders this concern was raised, and there was some concession regarding the structure of the industry and payments made, and the safeguards in place having been misunderstood. The PPRA has undertaken to revert back shortly with an updated directive to accommodate schemes in this position as against those who have their funds in the old fashioned "bucket trust accounts".

Bottom line is that trust accounts must be treated with the attention they deserve and require, with no personal payments allowed. Trust accounts are not the funds of the practitioner and there should be a clear divide between business and client expenses.

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