

1. General

- 1.1 This guidance is intended to help trustees understand what their legal duties and responsibilities are in relation to financial or other donations accepted by a charity.
- 1.2 The starting point is that a charity accepts all donations unless there is a good reason for refusing a donation. Charities ensure that they accept as many donations as they should.

trustees understand what their legal duties and responsibilities are in relation to the issue of accepting or refusing donations. As to returning donations already accepted by a charity, see "Returning Donations" below.

Charities are bound to ensure that their charity accepts as many donations as they should for good reason in a particular case for a good reason, and how should they do this. As far as possible, they identify proposed

2. Why should charities ever refuse a donation?

- 2.1 Certain donors or donations may be sought to guard against which they will naturally want to avoid. Donations which may cause damage, or other reputational damage, to the charity.
- 2.2 The potential for damage to a charity's reputation from donations is a subject which has been widely covered in the media over the last few years. (Reputational damage to a charity received the donation may have a negative effect on its reputation. The benefits of receiving a donation may be outweighed by the reputational damage caused by accepting it.)
- 2.3 Another reason for refusing a donation is that the donor is not accepted by the charity, or that the donation is in conflict with the charity's purposes.
- 2.4 There might also be other reasons for refusing a donation. Some examples of such reasons are:
- 2.4.1 where there is a risk that the proceeds of the donation will be used in a way which is prohibited or restricted by the charity's governing document;
- 2.4.2 it is not lawful for the charity to receive it;
- 2.4.3 the donor lacks the legal capacity (e.g. mental capacity) to decide to donate;
- 2.4.4 the donor does not own the property to be donated;
- 2.4.5 the donation would bring an unacceptable burden on the charity (e.g. the cost of paying for an unaffordable mortgage);
- 2.4.6 a condition of the donation requires that it must be returned in certain circumstances (e.g. if the property is donated must be returned to the donor on a certain date);
- 2.4.7 it would in any way result in a private benefit to a person or organisation other than the charity.

problem to a charity, and it is vital to ensure that charity trustees must try to avoid - and if they are in any way involved with donors or other persons, personal or financial or other loss or damage to the charity.

Charities are bound to ensure that their charity accepts as many donations as they should for good reason in a particular case for a good reason, and how should they do this. As far as possible, they identify proposed donations due to receipt of certain donations which have been widely covered in the media over the last few years. (Reputational damage to a charity received the donation may have a negative effect on its reputation. The benefits of receiving a donation may be outweighed by the reputational damage caused by accepting it.)

Another reason for refusing a donation might be that a particular donor is not liked by the charity because the donor is not liked by the charity, or that the donation is in conflict with the charity's purposes.

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2.4.1 where there is a risk that the proceeds of the donation will be used in a way which is prohibited or restricted by the charity's governing document;

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2.4.8 acceptance against the c

of a valid legal claim being made

2.4.9 acceptance below).

indirect loss to the charity (see

3. **Due diligence**

3.1 In order to minimise should carry out ap doing so. Due dilig present context it co by trustees in orde charitable funds, to the charity works w It entails carrying d that give money to t

y problematical donation, charities and have a policy and system for part of trustees' duties, and in the practical steps that need to be taken bly assured of the provenance of know the people and organisations identify and manage associated risks. ose individuals and organisations

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4. **The "Know your" princip**

4.1 The 'know your' pri and monitoring don they:

d to due diligence when selecting e reasonable steps to ensure that

4.1.1 'identify' - kn

with

4.1.2 'verify' - whe

rks are high, verify identities

4.1.3 'know what assured this

individual's business is' and can be arity to be involved with

4.1.4 'watch out' fo

activities, conduct or requests.

4.2 Trustees should ta charity's donors are the circumstances ensure that:

ropriate steps to know who the ificant sums are being donated or e to notable risk. This will help to

4.2.1 it is approp donor, wheth

accept money from the particular r organisation.

4.2.2 give trustees illegal or ina

that the donation is not from any

4.2.3 ensure that can be acce negotiate ch

be attached are appropriate and appropriate, it might be possible to ceptable to the charity.)

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5. **Due diligence and "Know**

er details

5.1 Charity trustees ne assurances about t steps to verify this v and 'verify').

sses in place to provide adequate ticularly substantial donors, taking s necessary to do so (i.e. 'identify')

5.2 Where individuals payments through d and details of those charity will need to t

ate regularly and set up regular l already have the name, address details and so it is unlikely that a those cases.

5.3 Some donors may working relationship carry out further du

y charity (and it may have a close ses, trustees are likely to need to s to identify and verify the identity

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of the donor so they

5.4 This does not mean they have to know other details about every donor. Charities are not expected to identify every small

5.5 A charity can accept anonymous, and the trustees should be suspicious circumstances

5.6 The use of commercial fundraisers does not relieve charity trustees of their duty to monitor the activities

5.7 For charities that receive gifts, ensuring good receipt from the executor of the will

5.8 Trustees should always check the conditions attached to a donation with your charity'

5.9 A charity's responsibility is not to be asked to use it for anything other than its purposes. Trustees should exercise due diligence and report suspicious activities to the appropriate authorities, including

5.10 How can trustees identify suspicious donations? Large amounts, complex payment arrangements, or unusual payment methods. Although such exceptions may be made in good faith, the trustees should be alert to such instances. For example, trustees should question payments from an unknown party or a payment method that is not typical of payments

5.11 What do trustees need to do if they identify a suspicious donation? If due diligence checks reveal a suspicious donation, trustees must report the matter to the police and/or the Charity Commission. Where trustees judge these incidents to be serious, they should report them to the Charity Commission via RSI@charitycommission.gov.uk

5.12 A charity can accept donations with conditions attached provided that those conditions are compatible with the purposes, priorities and activities of the charity. If the conditions are so stringent that they could undermine the charity's purposes, the trustees may need to refuse the donation if they cannot negotiate suitable changes to the conditions. Where trustees accept a donation with conditions attached, they should ensure that the conditions are compatible with the purposes of the charity and report the matter to the Charity Commission.

6. Making and Recording Decisions

6.1 It can sometimes be helpful for trustees to separate their own views from those of the charity. Trustees should take into account the views of all trustees. The bar is a high one for charities to accept donations.

6.2 A donation should be accepted only after careful assessment based on

question every donation. Nor do other details about every donor. Charities are not expected to identify every small

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evidence and after pro-actively seek to their decision, e.g. t

the due diligence. Trustees should that might assist them in reaching holders.

6.3 All decisions to ref clearly recorded al factors taken into a that the charity h transparent about able to show that th

cept high risk donations should be reasons for the decision and the ne decision. This will demonstrate erly considered the risks and is ccess. This is important for being cted responsibly.

6.4 For a donation to b damage caused by of doing so.

Trustees must be reasonably satisfied that the will outweigh the monetary benefits

6.5 Where the amount take time and trou effects of accepting

If the amount is substantial, the charity will have to g so that it properly balances the effects of refusing it.

6.6 Negative effects of resulting negative in of accepting a do example, that dona staff or volunteers v

Trustees will include financial loss and any provide its services. Negative effects (reputational damage) might be, for r greater value will be lost, or that

6.7 Where a donation requires a disprop evaluate whether o charity may simply such circumstances

Trustees may reasonably conclude that it and resources to investigate and d be refused or returned, and the donations below a certain value in tion.

7. **Returning donations**

7.1 Charity trustees sho donations once rec (e.g. for ethical or re

It is important that their charity not return a very good reason not to do so

7.2 Donations should b trustees can demon so. The law gener available and not re

Trustees should not accept unless in the particular case the e best interests of the charity to do o accept monies where they are out very good reason.

7.3 The Charity Comr trustees as to accep decision making is refuse or return a preferences of the r

Trustees should not intervene in decisions of a charity's tions but may do so if the trustees' e example, if a charity's decision to ects the personal worldviews or

7.4 Returning a donati first place because limited. Charities m from the Charity Co concerned has the particular case wh provided guidance needed.

Trustees should not refuse to accept a donation in the e which charities can do this are more d and sometimes obtain authorisation turn a donation unless the charity o however, it might not be clear in a e, and the Commission has not when such authorisation would be

7.5 However, you migh e.g. where an appe Information page guidance note abou

Trustees should not return donations in certain situations, e.g. where an appeal has failed. For guidance on failed appeals, see our Fundraising Appeals [here](#) and the guidance note referred to on that page.)

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7.6 You might in some cases refer to the separate rules under charity law relating to “excluded charities”. See also our Guidance Note on the subject of excluded charities.

For the separate rules under charity law, we suggest that you read our Guidance Note on the subject of excluded charities.

8. Further Guidance etc.

8.1 For more detailed information on “Due diligence, more generally”, you can find it on the Commission’s website [here](#). (It forms Chapter 2 of our guidance “Protecting Charities From Harm.”)

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8.2 Further, the Commission’s guidance on “Accepting, Refusing and Returning Donations” (March 2024) which can be found on our website [here](#). We recommend that you read it and take it into account. Our guidance fully includes some examples of factors for trustees to consider when making a decision about whether to accept a particular donation of the charity. You should always ensure that you identify the factors that are relevant to your charity when considering whether to accept a particular donation.

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8.3 We also suggest that you read our “Donations - Due Diligence Questionnaire” which can help you to assess whether it is appropriate to accept a particular donation that a person or organisation has made to your charity.

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8.4 Finally, it is recommended that your charity makes a written policy (which sets out factors which will or may influence a decision about whether a particular donation will be accepted) and who (either the trustees or a committee within the charity) has responsibility for making a decision on refusal or return of donations. The policy should relate to the charity’s purposes and should set out its values and how, in some cases, donations might be refused.

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