

The complaint

Mrs H on behalf of the estate of Mr B complains that Lloyds Bank Plc transferred funds from the estate without the relevant authority, and refused to reimburse the funds when the issue was reported to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

The late Mr B passed away on 24 September 2019. On 30 October 2019, his son, Mr B, attended a Lloyds branch and stated he was the personal representative of the late Mr B's estate. He provided proof of ID and signed a bereavement form confirming there was no will and that he would be dealing with the estate. As the total balances of the late Mr B's accounts were under £50,000, Lloyds closed the accounts and transferred £42450.06 and £3.76 to Mr B's external account.

In December 2022, Mrs H contacted Lloyds on behalf of the estate of the late Mr B to complain that it had closed the accounts and released the funds without the relevant authority. She said it had been agreed that Mr B would deal with the estate, but she'd been unable to contact him, and he hadn't distributed the funds appropriately, so she asked Lloyds to pay the funds to her so they could be correctly distributed.

Lloyds explained the funds were under the probate limit so it didn't need a Grant of Probate, and it had acted in good faith according to its policy at the time and on the understanding that Mr B would use the funds for the proper administration of the estate and in line with his responsibilities.

It said it would consider reimbursing Mrs H's share of the balance of the net estate if she could provide a summary of the estates assets and liabilities so it could determine how much it would need to pay her. Specifically, it asked her produce values of each asset in the estate and its current location, details of all estate liabilities and whether those liabilities remained outstanding.

It confirmed she'd received payments from accounts the late Mr B had held with other banks, and it wouldn't be making another payment of £42,450.06, but it would consider the position if she hadn't received her share of the net estate. It said the net estate was thought to be £82,029, and it needed to information to understand the shortfall in the estate and discuss a way forward.

But Mrs H said she wasn't willing to supply the information Lloyds had requested and her solicitors raised a complaint on her behalf arguing it had incorrectly paid the value of the estate to Mr B and that it had failed to respond to the original letter of complaint dated 6 April 2023.

Lloyds apologised for not responding to the formal complaint letters, explaining it didn't hold a letter of authority to contact her solicitor. It accepted Mrs H had incurred legal fees for the

time the solicitor had spent and confirmed it would review those fees. But it maintained that Mr B had said he was the representative dealing with the late Mr B's estate and had provided the necessary documentation as per its policy at the time. It agreed to review Mrs H's claim once she'd provided the information it had requested, noting she'd since obtained a Letter of Administration and was responsible for ensuring the funds were distributed correctly.

Mrs H wasn't satisfied and so she complained to this service, stating Lloyds had led her to believe she would be getting the funds. But our investigator didn't think the complaint should be upheld.

He explained that Lloyds hadn't done anything wrong in releasing the funds to Mr B because its process allows funds of under £50,000 to be released without Letters of Administration or a Grant of Probate, and it did so in good faith, based on information provided by Mr B.

He noted that Lloyds accepted the process may give rise to a situation where it has liability to another party and that it should fairly look to refund Mrs H what she is owed. But he felt the request for further information was reasonable and so it didn't need to do anything else.

Mrs H has asked for the complaint to be reviewed by an Ombudsman. She's said she has provided additional information including the Grant of Probate and she maintains that she was misled by Lloyds.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

On 30 October 2019, Mr B attended the branch as the late Mr B's personal representative. Lloyds closed the late Mr B's accounts and transferred the balances to Mr B. This was done without a Grant of Probate or a Letter of Administration.

Lloyds has explained that Mr B produced ID and a death certificate and completed a bereavement form and so I'm satisfied it was provided with the appropriate information to release the funds. I'm also satisfied that as there was less than £50,000 in the account, this was in line with its process at the time, therefore Lloyds didn't do anything wrong in transferring the funds to Mr B.

I don't intend to comment on Lloyds' internal processes, but it has explained that the process is in place to remove some of the burden for people needing to request Letters of Administration or a Grant of Probate and that this means it might release funds to one party who was not entitled to some or all of the money. It accepts that if it is unable to recover the funds, it might have a liability to another party.

Lloyds accepts that Mrs H might be due a portion of the estate and it has agreed to consider reimbursing the shortfall she is due as a result of it having released the funds to Mr B. To facilitate this, it has asked for specific information about the estate to enable it to establish what is due to Mrs H, and I'm satisfied that's fair.

Customer service

Mrs H has said she has been misled by Lloyds, but I haven't seen any evidence to support this. I'm satisfied Lloyds tried to contact Mr B with no success, that it has remained in regular contact with Mrs H and that it has clearly explained the information it requires to calculate what was due to her from the estate and why.

Finally, Lloyds accepted it didn't respond to Mrs H's solicitors first letter and agreed to refund the fees incurred as a result of the delays it caused. I'm satisfied that's fair and that it doesn't need to do anything further to resolve this complaint.

Overall, I'm satisfied Lloyds has acted fairly and reasonably and so I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr B to accept or reject my decision before 23 October 2024.

Carolyn Bonnell
Ombudsman