

## **The complaint**

This complaint is about a series of savings plans held by the late Mr P with Metropolitan Police Friendly Society Limited, trading as Metfriendly, and referred to hereafter as MPFS.

The essence of the complaint is that when his widow Mrs P sought to claim the funds in the plans, MPFS insisted she obtain Letters of Administration (LOA) as proof of her entitlement to the funds. Mrs P did provide LOA, but is unhappy at having to incur the cost involved. She believes MPFS could have exercised its discretion by disregarding the need for LOA.

Mrs P brings the complaint in her capacity as representative of Mr P's estate.

## **What happened**

By way of a provisional decision dated 9 December 2024, I set out my provisional conclusions on this complaint. The following is an extract from the provisional decision.

"The above summary is in my own words. The basic background to this complaint is well known to both parties so I won't repeat all the details here. Instead I'll give a brief summary, rounding the figures, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mr P died earlier this year, without having made a will. His share of their home, along with two pension pots, passed directly to Mrs P, leaving the funds invested with MPFS as the sole asset making up Mr P's estate. When Mrs P claimed the funds from MPFS, it insisted that she obtain LOA first. Mrs P's solicitors arranged the LOA for her, and MPFS duly released the money to her, which totalled a little under £3,400.

Mrs P says it cost her around £1,200 to get the LOA, and thinks it was unfair of MPFS to do this, especially when there's a provision in the terms of the account that allows it to exercise its discretion in certain circumstances and release funds without the requirement for LOA.

Our investigator didn't recommend the complaint be upheld. Mrs P has asked for it be reviewed by an ombudsman.

## **What I've provisionally found – and why**

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

If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right

outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority. We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts. We're impartial, and we don't take either side's instructions on how we investigate a complaint, or when we have enough information on file to decide it.

Under our rules, we can consider a complaint from a consumer. Mr P was a consumer when he was alive, so met the definition of an "eligible complainant" set out in our rules. That eligibility now vests solely in the estate of Mr P, which is represented here by Mrs P

Our rules say that a complaint may be brought on behalf of an eligible complainant by a person authorised by the eligible complainant or authorised by law. In this respect, Mrs P is bringing the complaint in her capacity as the estate's representative.

I must emphasise that this is the estate's complaint, and Mrs P's role is limited to putting it forward on the estate's behalf. It also means that I cannot order MPFS to pay compensation to Mrs P for any financial impact on her of MPFS' actions or any distress she has experienced whilst dealing with the business on behalf of the estate.

I don't say this lightly, as I can tell from her submissions that Mrs P has found this an extremely distressing experience. That's entirely understandable against the backdrop of having been suddenly widowed. I'm not unsympathetic in any way towards Mrs P's feelings, but what I cannot do is act outside the rules of the scheme.

As far as the underlying case is concerned, my starting point here is that MPFS was reasonably entitled to satisfy itself that Mrs P had a valid claim to the estate funds. Where there is no will, LOA are the mechanism recognised in probate law for someone to establish that they have the right to represent an estate.

To that extent, then, it was fair and reasonable for MPFS to at least ask Mrs P to obtain LOA. That's fine as far as it goes, but the next test I have to consider is whether, when Mrs P pushed back because the estate was small, MPFS should have relented and invoked the provision in the contract that allows it to disregard the need for LOA. The investigator rightly observed that it wasn't obligated to do so, and that much is true. But that's not the limit of the test I have to apply; there's more to consider. What I have to decide is whether, in not invoking the concession, MPFS treated the estate *fairly*.

Mrs P has pointed to how the businesses that held the pension pots responded when she approached them; they released the funds they held without imposing any procedural requirements. That may be so, but the actions of those businesses aren't a valid comparison point for me to use. They didn't form part of Mr P's estate, hence weren't subject to the same rules. My assessment of the fairness or otherwise of MPFS' actions has to be on its own terms.

Put simply, this was a risk assessment for MPFS to make. Mr P had not made a will, and as I understand it, had not specified Mrs P as nominated beneficiary when taking out the plan. In the absence of either of these instruments, Mrs P didn't automatically attain entitlement to the money held with MPFS when Mr P died. In effect, MPFS was

being asked to release the proceeds of the savings plans without first obtaining the documentary evidence that would remove any doubt about who was entitled to them.

Mrs P's request to set the requirement aside was escalated to senior management for consideration, but ultimately declined. So I'm satisfied it was given due consideration and not simply disregarded. The decision not to take the risk was one that MPFS was reasonably entitled to make; however, having considered everything that both parties have said and provided, I'm not persuaded it made the decision fairly.

It's common industry practice to allow individuals who are dealing with low-value estates where there's no will to execute a next of kin declaration (NOKD). Such a document typically allows a business to release funds whilst receiving an indemnity against the risk of a possible alternative claim on those funds. I don't know if MPFS has such a policy, and if it does not, I have no power to say it should.

If MPFS does have such a policy, it should have been invoked. But if MPFS doesn't have a policy of accepting an NOKD, then it seems to me that this was a situation where, as an alternative, fair treatment required MPFS to use the provision in the contract instead. Insofar as it did not, I find that MPFS caused inconvenience to the estate of Mr P, for which a payment of compensation is warranted. In all the circumstances, I'm currently minded to award £200. But I'm not currently persuaded to make an award to cover the cost of the LOA.

I take Mrs P's point about the amount she was billed for a solicitor obtaining the LOA being disproportionate, relative to the amount MPFS was being asked to pay out. All of the research I have done indicates that individuals can apply to for LOA on estates with a value of £5,000 or less, free of charge. It was up to Mrs P whether to apply directly herself, or ask a solicitor to do so on her behalf. It was entirely her choice to make; I imply no criticism of her for making the choice she did, and none should be inferred.

I have considerable sympathy for Mrs P. But in all the circumstances, I can't fairly conclude that the cost of the LOA amounts to a loss to the late Mr P's estate flowing from an act or omission on MPFS' part."

I gave the parties three weeks to add anything further before I finalised my decision; both have done so, and I summarise the responses below.

Mrs P said that her attempt to apply for LOA herself were rejected by the government website, and that without a nomination from her late husband and in the absence of any other potential beneficiary, it was common sense that she, as next of kin, would inherit his estate. Metfriendly made the point that it was following its internal policy and regulatory obligations to ensure it treats all members equally, fairly and protect their investments.

### **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.

Having done so, I'm not persuaded to depart from my provisional decision; I'll explain why.

I can't know, and won't speculate on, what happened when Mrs P went online to apply for LOA. Nonetheless, the fact remains that it should have been possible to obtain the LOA free of charge, without incurring the costs associated with having a solicitor carry out the work.

As to Mrs P's second point, this rather answers Metfriendly's argument that it was following policy. Sometimes, there can be a tension between following a policy that has been designed to treat *all* customers fairly and achieving a fair outcome for *one* customer. When that happens, a judgement call is needed. Here was one such occasion, and in my view, the common sense approach would have been to accept a NOK declaration, which would have given Metfriendly the protection of an indemnity against potential loss or, failing that, exercise the provision in the contract waiving the requirement for LOA.

### **My final decision**

My final decision is that I uphold this complaint in part, by ordering Metropolitan Police Friendly Society Limited, trading as Metfriendly to pay the estate of Mr P £200.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr P to accept or reject my decision before 13 January 2025.

Jeff Parrington

**Ombudsman**