

Bereaved customers



Helping you deal with a
deceased person's account

bba

The voice of banking
& financial services

How this leaflet will help

This guide will help if you need to settle the banking affairs of someone who has died. When you are bereaved, dealing with the deceased's affairs may feel complicated and time consuming.

To help, we have provided answers to some frequently asked questions. These cover everything from what documents you will need to show the late customer's bank to what happens if the late customer held a joint account. There is a glossary at the back of the leaflet which will help you to understand some of the terms used and you will also find some information about useful contacts. *Words set in italics can be found in the glossary.*

If you have any specific queries about a deceased person's account – or accounts – that you are dealing with, we recommend you contact the relevant bank. If you require any further general information, we recommend you visit your local Citizens Advice Bureau.

We hope you find this leaflet useful but please note it is intended as general information only and is not legal advice. Where appropriate – and particularly where the deceased person owned property, had significant assets or there is any sort of dispute – you are strongly advised to seek independent legal advice.

This guide applies to England and Wales.

How do I notify the bank when a customer dies?

You can notify the bank in any of the following ways:

- **In writing**, enclosing the documents listed on page 4
- **In person**, by going into a bank branch with the documents listed on page 4
- **By telephone**, supplying the documents later.

If you take these documents to a branch or send them in, copies will be taken and the originals will be returned to you. The bank may not be able to make all the necessary changes to the late customer's account until it has seen these documents.

What documents will the bank need to see?

If there is a *will*, the bank will need to see:

- the original *death certificate* **or** *death certificate verification form* **or** an *interim death certificate*
- identification for whoever is dealing with the *estate*. This will usually be a passport or driving licence plus a utility bill with the address on it. The bank will be able to provide you with a list of acceptable identification on request
- an original or certified copy of the will.

The bank may also need to see the original or official sealed copy of the *grant of probate* once it has been issued.

If there is **no will**, the bank will need to see:

- the original death certificate **or** death certificate verification form **or** an interim death certificate
- identification for whoever is dealing with the estate. This will usually be a passport or driving licence plus a utility bill with the address on it. The bank will be able to provide you with a list of acceptable identification on request.

The bank may also need to see either the original or official sealed copy of the *letters of administration* once it has been issued.

What steps will the bank take once I have notified it?

After you have notified the bank, you will be sent an acknowledgment letter confirming what it will do next and what you need to do.

The bank will have to freeze any sole accounts or investments; and all direct debits and standing orders will be cancelled. Any cheques presented will be returned unpaid. This is a legal requirement because the contract with the customer ends automatically on death. You may need to make alternative arrangements for payments for essential services such as utilities at the home.

The bank will stop marketing and servicing material being sent to the late customer. There may be

occasions when marketing material continues to arrive because it was already prepared for mailing, but this should only be for a short period of time.

Unfortunately, some statutory notices may continue to be sent. Banks have to continue to send these for accounts regulated by the Consumer Credit Act.

When will the account be closed and funds released to the estate?

Before the funds in the account are released the bank may need to see the original or a certified copy of the will if one exists, and may need to see the original or official sealed copy of the grant of *probate* once it has been issued.

If there is no will the bank may need to see the original or official sealed copy of the grant of letters of administration once it has been issued.

If the estate is small the bank may be willing to release the funds to the personal representative without having sight of the grant of probate or letters of administration certificate. This is entirely at the bank's discretion and usually a discharge and indemnity form will have to be signed by the person handling the estate.

Different banks have different policies for what they need to see to close the account. This usually depends on how much is in the account. Your bank will be able to tell you exactly what it needs to see to close the account and release the funds.

Can I pay a funeral bill from the late customer's account?

Banks are usually willing to consider requests to settle the funeral bill from a late customer's account before the grant of probate or letters of administration is obtained, provided credit funds are available.

You will have to show the bank the original funeral bill or invoice. If it can help, the bank will provide a cheque (or other payment) payable to the funeral directors for the full cost of the funeral, or part of the cost if there isn't enough in the account.

Some banks may also reimburse a funeral bill that has already been paid, subject to proof of payment which will usually be in the form of a receipt issued by the funeral director.

Can inheritance tax be paid from the late customer's account?

Some banks allow inheritance tax to be paid directly to Her Majesty's Revenue and Customs (HMRC) from the late customer's account. You will need to fill in a form from HMRC, called *Direct Payment Scheme* (reference number IHT 423), and give it to the bank. If the deceased held several accounts you will have to complete a separate form for each one.

Full payment or part payment can be made depending on the amount of money available in the account. Inheritance tax can only be paid from an account in the sole name of the deceased, unless any other joint account holder agrees. (Inheritance tax normally only applies if the deceased's estate was over £325,000 and is not passing to their spouse.)

Some banks may also be able to provide a loan facility to settle any inheritance tax liability. Your bank will be able to tell you what they need from you in order to do this.

What about making other payments from the account, like settling bills?

Banks might not allow you to use the account to make these payments until they have seen a grant of probate or letters of administration. This is because the bank can only be sure you are legally entitled to use the account once they have seen these documents. If they let you withdraw money then later find out you were not legally entitled to do so, they will have to repay the money themselves. This sometimes happens even when everybody is acting in good faith, for example when a will is found that nobody knew about.

Generally grants of probate and letters of administration are only given after inheritance tax has been agreed and paid.

If the bank does allow you to withdraw anything it will normally ask you to sign an 'indemnity'. This is a legally binding agreement for you to personally repay this

money if it turns out you were not the person entitled to administer the estate, even though you were acting in good faith.

Each bank will have its own rules on this, so talk to them about it.

What happens to any borrowing held in the deceased's name?

If you are aware that the deceased had taken out borrowing, finance or hire purchase you should immediately advise the company of the death and give them details of who will be dealing with the estate.

The *next of kin* or *executors* are not personally liable for any debt. But they are responsible for ensuring all outstanding debts are settled from the deceased's estate before they make any distribution of the estate to the *beneficiaries* of the will.

What happens if one or more of the accounts is overdrawn?

Any credit balances held in the deceased person's sole name may be used to clear any money owing to the bank, such as an overdraft, loan or credit card debt. If the bank is still owed money after this has happened, it may ask to be repaid from the estate.

The next of kin or executors are responsible for settling any outstanding debts from the deceased's estate.

What happens if the late customer held a joint account?

The surviving customer or customers will normally be entitled to everything in the joint account and it will not be part of the deceased's estate. When the bank has seen the death certificate, the joint account will be transferred into the remaining account holder(s) name(s). New cheque books and cards will be issued if required and appropriate to the account.

If the account is in debit, the bank may leave the debit balance in the name of the surviving account holder to manage as appropriate. The bank will contact the surviving account holder to discuss what to do next. You can also contact the bank for financial assistance and guidance.

What happens if the late customer had given someone a Power of Attorney or a third party mandate to use their account?

As a legal requirement, a *Power of Attorney* or a *third party mandate* is automatically cancelled when the giver of the Power dies. The person holding the authority ceases to have access to the deceased's bank accounts and can no longer make transactions on their behalf.

What will be done if the late customer held a mortgage?

If the mortgage is in the deceased's sole name and is insured against death, the debt may be paid by the insurance policy. If there is no insurance against death the debt is owed by the estate.

If the property is held as a 'tenants in common' agreement, it means that the deceased owned a specific share of the property. The share belonging to the deceased person becomes part of their estate. Again, if the mortgage is insured against death the debt may be paid by the insurance policy. If not, the debt is owed by the estate.

If the property is held under a joint tenancy agreement it means that the deceased and someone else owned the whole property together. Under this agreement the deceased person's share usually passes to the surviving customer. The surviving customer will then become responsible for maintaining the mortgage payments or repayment of the mortgage.

If you are unsure about the ownership of the property you should contact the mortgage provider who should be able to provide you with further details.

What will be done if the late customer held a credit card?

If the late customer was the main card holder and there is no money owed on the card, the credit card (and any other cards issued on the account) will be stopped and closed.

If money is owed and the card had insurance that covered death, the bank may deal directly with the insurance company to clear the outstanding balance. If

there is no insurance, the bank will ask for repayment of the account from the late customer's estate.

Depending on the individual situation, the bank may be able to offset the debt against existing credit balances on other accounts.

What will be done if the late customer had a joint credit card account?

Where there is a joint credit card account, each cardholder is fully liable for the debt. So the joint account holder will have to take responsibility for the debt (if there is one).

If the second person is an "additional" (supplementary or authorised) cardholder rather than a full joint account holder, the account will be stopped and closed. This means that any additional card holders are no longer permitted to use the card and they will have to apply for a new credit card in their own name. If money is owed and the card had insurance that covered death, the bank may deal directly with the insurance company to clear the outstanding balance. If there is no insurance, the bank will ask for repayment of the account from the late customer's estate.

What will be done if the late customer held a personal loan?

If the loan is insured against death, the bank may deal directly with the insurance company to clear the outstanding debt. If there is no insurance, the bank will ask for repayment from the late customer's estate.

In some circumstances the bank may be able to offset the loan against any existing credit balances on other accounts.

Glossary

Administrator: the person to whom letters of administration (see below) are granted by the *Probate Registry*.

Beneficiary: the person who benefits from the terms of the will.

Death Certificate: a certified copy of the entry in the Death Register. For a fee, the registrar will be able to provide you with a number of certified copies to help you save time when you're dealing with various organisations.

Death Certificate Verification Form: this form lists all the information on the death certificate and can be submitted to the bank in place of the death certificate. Solicitors cannot photocopy and certify the certificate obtained from the Death Registrar, so have to use a Death Certificate Verification Form instead.

Estate: all the property (money, land or other possessions) owned by someone when they died; the sum of a person's assets.

Executor: a person (or people) named in the deceased person's will to administer the estate and deal with the instructions in the will.

Grant of Probate: an official document which confirms that the executors named in the will are legally entitled to administer the estate. It will only be granted when the inheritance tax on the estate has been agreed and paid.

Interim Death Certificate: this is issued when there is a coroner's report and the cause of death still needs to be officially determined.

Intestacy: the situation when a person has died without making a legal will.

Letters of Administration: an official document issued by the Probate Registry when a person dies without making a will or the executors named in a will are unable or unwilling to act. This formally names the person who has the legal right to deal with the affairs of the person who has died.

Next of kin: it is the responsibility of the next of kin of the deceased to administer the deceased's estate if there is no will. The next of kin is usually the surviving spouse or children.

Personal representatives: executors *or* administrators.

Power of Attorney: a legal process in which a person gives another person – or people – authority to manage their affairs on their behalf.

Probate: the official process of proving that a will is authentic and valid. A person can also apply to the probate court to deal with a deceased person's estate when no will exists.

Probate Registry: a part of the court system that legally appoints a person – or people – to deal with the estates of a deceased person either under the terms of a valid will or where the deceased died without making a will. Contact details are given in the 'Useful Contacts' section.

Third party mandate: an express authority and agreement between a customer and bank which allows another person ('third party') to deal with the customer's bank account.

Will: a document signed by the deceased and properly witnessed, specifying what they wanted to happen to their estate.

Useful contacts

HM Revenue and Customs

If you know which tax office dealt with the deceased's tax affairs then you should contact that office. The address and tax reference may be among their papers, for instance on recent tax forms or letters from HMRC.

If you do not know which tax office dealt with the deceased's tax affairs you should ask their former employer or pension payer, if they had one, to provide you with the tax office and tax reference details.

Otherwise, please contact the income tax office nearest to the deceased's home address. A list of tax offices can be found on the HMRC website: www.hmrc.gov.uk

If you have to make an application for probate you can download or order the appropriate application forms and helpful leaflets from the HMRC website.

The Probate Registry

The Probate Registry has lots of useful information and guidance on its website and a range of helpful leaflets and probate application forms which you can download or have sent to you. You can get this by going to:
www.hmcourts-service.gov.uk/infoabout/civil/probate/index.htm

You can also obtain information from your local Probate Registry Office. You can find where your nearest office is by keying in the above web address.

The postal address is:

Customer Service Unit
Post point 1.40
1st Floor
102 Petty France
London
SW1H 9AJ

Telephone: 0845 4568770

DirectGov

The government's Directgov website has plenty of useful information on how to deal with death and bereavement. They also have an interactive tool that will tell you what information you need. Go to:
www.direct.gov.uk/en/Governmentcitizensandrights/Death/index.htm

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