

The complaint

The estate of Mrs F (the estate) complains that Flagstone Group LTD did not pay interest on the funds they held whilst awaiting documentation from the estate.

What happened

Mrs F had a Power of Attorney (POA) who set up an account with Flagstone to deposit funds from the sale of a house. He managed Mrs F's account until the POA ended when Mrs F died in November 2022. In January 2023, money was released into a holding account, which didn't pay interest. The estate says that these funds should not remain in a holding account earning no interest, they should be transferred to an account which a reasonable amount of interest can be earned, but Flagstone have told the estate that this isn't possible, and they will return the funds once the estate has obtained a Grant of Probate (GoP), but the estate weren't able to obtain this for a number of months. The estate made a complaint to Flagstone.

Flagstone did not uphold the estate's complaint. They said they were unable to release funds back to the executor without a GoP. They said they were unable to place Mrs F's funds back into a deposit account as she had passed away, and the POA ceases upon the death of the individual. They said the holding account was at 0% interest, and they said they were unable to move funds until the GoP had been received and then they could send funds back to the stipulated account on the bereavement form. So as they were unable to move the funds, they couldn't use the funds to top up Mrs F's existing third party instant access deposit account. The estate brought their complaint to our service.

Our investigator did not uphold the estate's complaint. She said although the estate has said Flagstone should establish an instant access account with one of their partner banks to hold the money offering a reasonable return, it is not the role of our service to recommend how a business should conduct or arrange their commercial operations and processes, as that is for their own determination. It is also not part of our role to require a business to alter their procedures or make them improve the level of the service they offer their consumers as that is the role of the regulator. The estate asked for an ombudsman to review their complaint, and they mentioned the recent introduction of the Consumer Duty.

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.

First of all I'd like to pass my condolences onto the estate. The estate has mentioned the recent introduction of the Consumer Duty. But as the events being complained about happened prior to the introduction of the Consumer Duty, I'm unable to consider the Consumer Duty as part of this complaint.

The estate have made a number of points to this service, and I've considered and read everything they've said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of their complaint in deciding what's fair and

reasonable here.

I'd like to explain to the estate that it is not within this service's remit to tell a business how their bereavement procedure should operate, including what rate of interest (if any) should be payable on a holding account whilst they await the requested documents to release the funds. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Flagstone to make changes to its policies and procedures, if necessary.

I can sympathise with the position that the estate found themselves in here, especially during such an upsetting time. The estate has said in order to put things right for them, Flagstone should perhaps establish an instant access account with one of their partner banks to hold such funds, offering a reasonable return, and that the estate should be compensated for the loss of interest from 20 January 2023 to the date that the funds are returned to the estate.

But here, as I've previously explained, I'm unable to ask Flagstone to change their bereavement procedures as this is a commercial decision for them to make. As the POA would be terminated on Mrs F's death, then Flagstone would need to ensure they have the right documentation before they could release the funds to the estate. While I can sympathise with the estate that this can be a lengthy process, the time taken to obtain these documents is also not in Flagstone's control. So it is not proportionate for me to ask Flagstone to pay the estate interest for the funds in the holding account, when the account didn't pay any interest and Flagstone acted in a timely manner once they did receive the required documents. So it follows I don't require Flagstone to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs F to accept or reject my decision before 30 January 2024.

Gregory Sloanes
Ombudsman