

The complaint

Ms B brings this complaint as a representative of the estate of Mr B and complains that Barclays Bank UK PLC (Barclays) refused to pay a reasonable interest rate on the balance of Mr B's bank account before probate was issued.

What happened

Ms B says her father passed away in mid July 2023 and the sizeable sale proceeds of his house sale, of in excess of £430,000, was deposited into his bank account the previous day. Ms B says when she provided Barclays with the death certificate she discussed transferring the funds held on her late father's current account into an interest-bearing account, but she was told that Grant of probate (GOP) would be needed before that could be allowed.

Ms B says because of the passing of one of the named executors this meant probate could be delayed for many weeks, during which time the balance on her late father's bank account would not attract any interest which she felt was unfair.

Ms B says she wants Barclays to allow the funds to be transferred into a savings account that could attract interest at a comparable rate that other customers might expect to receive or allow her to transfer the monies to another provider.

Barclays says its bereavement team carried out the correct process but accepts Ms B could have been supported much better as it failed to return a telephone call causing inconvenience and she was also given conflicting information regarding placing the funds into a savings account. Barclays says it has apologised for this and paid Ms B £150 for that.

Ms B wasn't happy with Barclays' response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says Barclays acted fairly and in line with its policy, when it froze the bank account of the late Mr B until probate was provided. The investigator says Barclays, outside of its normal process, offered to place the funds into a deposit account offering 1% but this was declined by Ms B, but the investigator felt Barclays had no obligation to match interest rates offered by its competitors.

The investigator felt as this interest rate was previously offered by Barclays there was no reason why it shouldn't still be available. Barclays during the course of the investigation accepted the investigator's view and provided a breakdown of the interest it would be prepared to pay the estate of Mr B. Ms B didn't agree with the investigator's view or Barclays' subsequent offer and asked for the matter to be referred to an ombudsman for a final decision.

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 won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn of the passing of Ms B's father and I can understand this would have been an upsetting time for her.

When looking at this complaint I will consider if Barclays acted unfairly when it refused to transfer the balance of the late Mr B's bank account into an interest paying savings account before probate was granted.

The first thing to say here is Barclays like most banks would be expected to freeze a customer's bank account on notification of their death, to protect the rightful beneficiaries. In this case the late Mr B's estate was sizeable, so under Barclays' standard process and of most banks, it required sight of the GOP before it would allow the movement of any deposited funds held with them.

While I have some sympathy with Ms B here, given the delays in obtaining probate and the timing of the sale of her late father's property, that doesn't detract from the fact Barclays had no obligation to transfer the sizeable balance of the current account. It's fair to say this is done to protect the rightful beneficiaries of the estate, which can only be certain once probate is legally granted.

What Barclays have accepted is it could have dealt with the handling of Ms B's requests to speak with a manager on the bereavement team more efficiently and that it's team member shouldn't have suggested it could pay interest on an everyday saver account when that wasn't part of its process in these circumstances. So here I can see Barclays explained this to Ms B and then agreed to pay her £150 by way of apology to recognise these service failings and I'm satisfied that was fair here.

Here however, during the course of the investigator's review of this complaint, it was suggested by her that Barclays, having previously told Ms B it would be prepared to offer outside of its normal process to place the funds on an everyday saver account, it should now pay interest equivalent to this. What hasn't been made clear is Barclays on reflection, without any obligation to do so or acceptance of any error, have now agreed to pay 1% on the funds for the period in question totalling £2,185.98.

While Ms B feels this doesn't represent what Barclays originally offered, and in any event doesn't go far enough, it's worth saying Barclays haven't made any errors here. So, it's fair to say any offer is in effect a gesture of goodwill on Barclays' part and I'm satisfied it had already apologised for the service issues and the confusion over the placing of the funds into a savings account and paid Ms B £150 for that. With that in mind I'm satisfied this additional payment of interest is more than reasonable here, especially considering it had no obligation to make this offer – for the reasons I have already explained.

While Ms B will be disappointed with my decision, I feel this is a fair outcome here and I will leave it with her to contact Barclays if she now wishes to accept its interest payment offer.

My final decision

My final decision is that I do not 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 April 2024.

Barry White
Ombudsman