

The complaint

The estate of Mrs B has complained Lloyds Bank plc was unable to manage the opening of an executor account within a reasonable period of time. This caused a loss of interest for the beneficiaries of the estate by delaying the money being disbursed.

What happened

Mrs B died in June 2023 and had held accounts with Lloyds. Mr M and Mr W, her two son-in-laws, are executors of the will. Mr M has brought this complaint on the estate's behalf, although he has been represented by his wife, Mrs M.

Probate was granted in September 2023. As they'd been advised by Lloyds, Mr M arranged to open an executor account with them. This would allow pension and investment payments to be made into this account following the grant of probate. The money could then be disbursed to the beneficiaries of the estate. The beneficiaries are Mrs B's daughters, Mrs M and Mrs W.

An appointment was set up on 6 October for Mr M to attend a branch and open an executor account. This appointment had to be changed as working hours within Lloyds branches necessitated this. After many false starts, an account was eventually working in December. Funds had been credited in early November. Because of the Christmas and New Year period money was only able to be transferred to interest-bearing accounts in the beneficiary names in January 2024.

Mr M complained about what had happened. Lloyds apologised and confirmed their service had not been sufficient. They paid £200 compensation.

Mr M didn't believe this was sufficient. He's brought his complaint to the ombudsman service.

Our investigator reviewed what had happened. The delays were not in dispute but overall, he felt that Lloyds payment of £200 compensation was fair.

Mr M didn't agree and explained how this ignored the interest the money wasn't able to earn.

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've decided that slightly increased compensation should be payable. I'll explain why.

I won't be going through the detail of what's happened. I've reviewed the detailed three-page account Mr M provided to us when we opened the estate's complaint. This matches Lloyds' acceptance they didn't do as well as was expected of them. What is only really in dispute is the amount of compensation.

Firstly, I can't provide compensation for the lack of interest earned to the beneficiaries after the money was able to be taken out of the executor account. I've reviewed what Mrs M has said, and I'm sure the last year has been extremely difficult for her. However, she isn't the executor of the account, so our rules don't allow me to provide compensation for her loss as a beneficiary of her mother's estate.

I can only look at Lloyds' actions as they relate to the estate and the delays caused. I've decided that £300 is a fair and reasonable amount in total. I've increased the £200 previously provided by 50%. And I've done this because the estate was only really opening an executor account with Lloyds as that was the advice they received from Lloyds. In retrospect there may have been other options that would have been easier for the estate.

The investigator has already confirmed this increase in compensation to Lloyds. I accept the estate may still feel this amount is inadequate, but this is our service's final decision.

My final decision

For the reasons given, my final decision is to instruct Lloyds Bank plc to pay an additional £100 to the estate of Mrs B.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs B to accept or reject my decision before 15 October 2024.

Sandra Quinn
Ombudsman