

The complaint

The estate of Mr R complains about delays by Lloyds Bank PLC when settling two business accounts.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

The late Mr R passed away in February 2022. At the time, Mr R had various accounts in his personal name and two business accounts with Lloyds. Mr R's wife, Mrs R, has explained that when he passed away there was no will. Mrs R has confirmed that the personal accounts Mr R held with Lloyds were paid out to the estate in April 2022. But before Lloyds was able to settle the business accounts it asked for a Grant of Probate or Letter of Administration.

Solicitors acting on behalf of the estate of Mr R submitted the Letter of Administration along with a letter of authority to Lloyds on 25 April 2023. The documents were returned by Lloyds on 28 April 2023. But no follow up contact was received and the funds from the business accounts weren't paid to the solicitors.

The solicitors chased the funds with Lloyds and were told it had no record of receiving the documents required. Another Letter of Administration and letter of authority was sent to Lloyds by the solicitors on 2 August 2023 but the funds weren't forwarded by Lloyds.

A further set of documents were sent to Lloyds by the solicitors in October 2023 and the funds from the late Mr R's business accounts were transferred by Lloyds on 31 October 2023.

Mrs R complained on behalf of the estate of Mr R in January 2024 and Lloyds sent a holding letter on 8 February 2024. Lloyds issued its final response on 19 February 2024 but Mrs R has confirmed it wasn't received. Lloyds' final response said that it hadn't received the documents to close the accounts in question until mid October 2023 and didn't uphold the complaint.

An investigator at this service looked at the estate of Mr R's complaint. They initially thought Lloyds had dealt with the estate of Mr R fairly and didn't ask it to do anything else. But the estate of Mr R's solicitors forwarded evidence that showed Lloyds had originally received the Letter of Administration and letter of authority and returned them on 28 April 2023. Lloyds subsequently agreed to pay the estate of Mr R £300 in recognition of the increased legal costs that had been incurred because the solicitors had to resubmit the required documents.

The investigator thought that by agreeing to cover the estate of Mr R's additional legal costs Lloyds had made a fair offer to settle the complaint. On behalf of the estate of Mr R, Mrs R asked to appeal. Mrs R said that if the funds had been paid to the solicitors they would've been held in an interest bearing client account. Mrs R added that the estate has not been disbursed and that the funds remain with the solicitors so would've received interest. Mrs R

also explained that she feels it would be fair for Lloyds to compensate her for the distress and inconvenience caused by the delay.

What I've provisionally 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I'd like to start by saying how sorry I am at the circumstances under which Mrs R has referred the estate of Mr R's complaint to us. I think it's fair to say that Lloyds failed to follow the estate of Mr R's instructions for a reasonably long period of time and I don't doubt how frustrating that must've been for Mrs R at an already very difficult time.

I need to explain that, as a service, we have limited powers in terms of awarding compensation when upholding a complaint. The rules we operate under allow me to award compensation to a complainant when upholding a complaint. But the rules don't allow me to award compensation to someone who's acting on behalf of a complainant. Applying that to this case, the complainant is the estate of Mr R. As a result, any award I make can only be in respect of the estate of Mr R's losses. I accept that Mrs R has no doubt experienced a considerable level of trouble and upset caused by Lloyds' delays. But Mrs R is acting as the estate of Mr R's representative when bringing the complaint to this service. And there's nothing in the rules that allows me to award compensation for the distress and inconvenience caused to a complainant's representative. I understand that will no doubt feel harsh to Mrs R and apologise for any upset caused. But I wanted to be clear at the outset in terms of how the service operates and limits to the awards we can make.

Mrs R provided evidence from her solicitors that shows it sent Lloyds the Letter of Administration and letter of authority on 25 April 2023. The Letter of Administration was returned by Lloyds on 28 April 2023. So I'm pleased that Lloyds later agreed to cover the additional legal expenses the estate of Mr R incurred as a result of the extra work the solicitors had to complete. I'm satisfied that fairly reflects the additional legal costs incurred.

Our investigator recently asked Mrs R to obtain further evidence from the estate of Mr R's solicitors to verify whether the funds would've received interest in its client account. In response, Mrs R provided evidence from the solicitor that shows the funds being received into the estate of Mr R's client account. And it's clear that the client account used by the estate of Mr R's solicitors does pay interest on the funds held on its behalf. So in addition to compensating the estate of Mr R for the additional legal fees incurred, I also intend to tell Lloyds to cover the interest it would've received if the funds had been paid following receipt of the Letters of Administration at the end of April 2023.

I think it's fair to say Lloyds would've needed some time to process the Letter of Administration and pay out the funds owed to the estate of Mr R. And I note Lloyds returned the documents on 28 April 2023. I think a period of around a week is reasonable so I intend to award interest from 5 May 2023 until 31 October 2023 at the rate payable on the solicitor's client account. If Lloyds added interest to the funds held on behalf of the estate of Mr R during that period, it can deduct that sum from the final settlement.

Mrs R has forwarded a statement of account for the estate of Mr R's funds with the solicitors. But to calculate the exact settlement Lloyds will need to pay, we will need to know the specific rate of interest the client account attracts. Whilst we don't need that before the deadline to accept the provisional decision, it is information that will be required before the final settlement of the complaint. In addition, if the additional legal fees the estate of Mr R has incurred go over the £300 current offer, Mrs R should confirm this in her response and provide evidence.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Lloyds responded and confirmed it was willing to proceed.

Mrs R responded and said the original settlement the investigator had recommended was for Lloyds to pay the estate of Mr R £300 for the inconvenience caused in addition to the additional legal fees it incurred.

I went back to Lloyds and advised the settlement for this complaint would be for it to pay £300 to the estate of Mr R for the inconvenience caused, the additional legal fees incurred plus the interest it would've received in the solicitor's client account. Lloyds confirmed it understood and agreed.

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.

I'd like to thank Mrs R for coming back to us in response to the provisional decision. As Mrs R can now see, the settlement has been amended to include the £300 inconvenience payment to the estate of Mr R, the additional legal fees it incurred and the missing interest it would've received if the funds had been released from the business accounts sooner.

As no other new information has been provided, I see no reason to change the conclusions I reached in my provisional decision. I still think the estate of Mr R's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold the estate of Mr R's complaint and direct Lloyds Bank PLC to settle as follows:

- Pay the estate of Mr R £300 in recognition of the inconvenience caused
- Compensate the estate of Mr R additional legal fees incurred as a result of the delays releasing funds
- Calculate and pay interest (as directed above) on the sums held between 5 May 2023 and 31 October 2023

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr R to accept or reject my decision before 13 November 2024.

Marco Manente
Ombudsman