

The complaint

Ms K, who represents the estate of X, complains that Santander UK Plc allowed a third party to access funds in X's account.

What happened

X had a number of accounts with Santander. One of them was held jointly with a third party, who I'll call Y. X died. Another person, Z, then approached Santander to close X's accounts – and completed a bereavement form. Z signed an indemnity agreeing that she was the deceased customer's representative, that she was entitled to the balances in these accounts, and that she had the consent of any other beneficiaries to give instructions on their behalf. And so the funds in X's sole account were transferred to Z, and ownership of the joint account passed to Y.

But it was Ms K who was granted the letters of administration. She doesn't think Santander should have released these funds. Santander looked at this and were able to reverse the original action. But Ms K says that before this happened she had to instruct solicitors and the estate has incurred legal costs trying to put things right.

Our investigator looked at all of this and concluded that Santander had followed its own policies in releasing these funds. Ms K didn't agree. The complaint has been passed to me to decide.

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.

Where someone dies, a representative will only ordinarily be able to deal with the estate if they've been authorised by law. Normally this involves getting a grant of probate or letters of administration. But in straightforward cases where the estate is relatively small, banks will sometimes allow a representative to access funds without completing these processes. Where the representative does this, they will ordinarily give the bank an indemnity so that if the bank pays out the funds and it subsequently emerges that the representative wasn't entitled to them the bank will be able to pursue the representative and demand repayment of the funds.

Sometimes property will pass to a third party without the need for a grant of probate or letters of administration. Where an account is held in joint names, ownership of the account will generally pass automatically to the joint account holder on the death of the other.

I've thought about what this means in the circumstances of this complaint.

Based on what I've seen:

- After X died Santander was approached by Z. Z completed a bereavement form instructing Santander to close the account and to transfer the remaining funds to

another account.

- When Santander discovered that Ms K had been granted letters of administration, it reversed this. Based on the documents Ms K has sent us, Z reimbursed Santander for the amount taken.
- Based on what I've seen, I'm satisfied Santander was acting in line with its policy in releasing the funds to Z. But it also recovered the funds once Ms K explained the true position. For reasons I'll get onto below, that took some time.
- X held an account jointly with Y. When X died, Y became the sole owner of that account. This is something that happens automatically to jointly owned property when one of the owners of the property dies.
- I've thought about what Ms K says about that. She thinks the estate, and not Y, is entitled to these funds as Y was only added as a joint account holder to help X receive favourable interest rates.
- But while I recognise this will be disappointing to Ms K, I'm not in a position to say that the estate, and not Y, is entitled or otherwise to these funds. It appears Y has her own views about whether she is entitled to the funds – the documents I've seen suggests Y thinks the funds are hers; she has refused to return them. In this decision I'm only looking at the estate's complaint about Santander – it wouldn't be appropriate for me to try and resolve the dispute between the estate of X and Y. Ms K thinks that the estate, and not Y, is entitled to these funds, this is something Ms K will need to raise with Y separately.
- I can't say Santander acted inappropriately in transferring ownership of the joint account to Y.

Ms K says the estate has incurred legal costs because of all of this. I've thought about this. I accept that I could award the costs incurred by the estate if I was satisfied these were caused by the actions of Santander. Here, though, it appears that there were other more fundamental issues affecting the administration of X's estate. Aside from what happened to the bank accounts, X's family also disputed what would happen to X's home and the ownership of cash and jewellery stored at X's home. Family members repeatedly objected to and challenged Ms K's application for letters of administration: it was nearly two years before the court issued these. Ms K's legal representatives also identified £200,000 of suspicious transactions which some beneficiaries did not wish Ms K to pursue – and Ms K then faced further difficulties getting family members to agree to the final accounts in the administration. I note that Ms K and the other beneficiaries ultimately concluded that it would be too costly to resolve these various issues and ended up trying to reach some sort of compromise.

I have every sympathy for Ms K and don't doubt this has been a hugely contentious and drawn out process. But given everything that's happened, I don't accept that the legal costs incurred by the estate were caused by Santander. The issue seems to have been that the administration was contested more generally. And so it seems most likely that the estate was always going to incur significant expense sorting all of this out.

More fundamentally, I don't conclude that Santander did anything wrong in transferring ownership of the joint account to the joint account holder. So it seems any legal costs the estate incurred sorting this out would have been incurred in any event.

It follows that I don't uphold this complaint and I'm not going to tell Santander to do anything further to put things right..

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of X to accept or reject my decision before 22 November 2024.

Rebecca Hardman
Ombudsman