

The complaint

Mrs E, on behalf of the estate of Mrs D, complains that Lloyds Bank PLC failed to settle an invoice before distributing the funds held in the late Mrs D's account.

Mrs E says this failure led to personal embarrassment.

What happened

Mrs D held an account with Lloyds. She sadly passed away and Mrs E as executor has been administering Mrs D's estate. This includes dealing with Lloyds' bereavement service.

Mrs E says she uploaded all documentation including an invoice for funeral expenses to Lloyds' portal. However, after Lloyds paid the funds out to the beneficiaries, it transpired that the funeral expenses had not been paid. Mrs E says this caused personal embarrassment together with the trouble of finding the money to settle the invoice. Mrs E wanted Lloyds to pay the funeral costs.

Lloyds apologised and offered £100 compensation which it then increased to £150.

Our investigator explained that she could not endorse Lloyds' offer as although she agreed that Lloyds had let Mrs E down, it wasn't possible to compensate someone for damage to their reputation after they had died. In Mrs E's case, she was bringing her complaint on behalf of the estate of Mrs D. So, we could not award compensation to Mrs E as a representative.

Our investigator thought that Lloyds should still honour its offer to pay £150 but didn't think it appropriate to ask it to pay the funeral costs. Our investigator said that executors are responsible for checking payment of all outstanding debts and thought that Mrs E could have followed up with Lloyds after it closed Mrs D's account.

Mrs E was unhappy with the investigation outcome. She thought it a shame that Lloyds offered a poor service to the representatives of deceased customers at a time of bereavement.

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 appreciate that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules that govern our service allow me to take this approach but this does not mean I have not considered everything the parties have given to us.

Lloyds agrees that it let Mrs E down, so my decision focusses on whether it has done or offered enough to put things right.

I am sorry to disappoint Mrs E, but like our investigator, I don't consider it fair to require

Lloyds to reimburse the funeral costs paid by the estate. Although it would have been better if Lloyds had settled them before distributing funds, the estate was always liable for the funeral costs. The alleged failure to carry out Mrs E's instruction as executor to settle the invoice hasn't caused the value of the estate to decrease or to be overstated such that an additional tax burden fell due. So, I can't see that Lloyds made a mistake which caused a financial loss to the estate of Mrs D.

In terms of the impact on Mrs E, our investigator is correct to say that the complaint has been brought by an executor in relation to the administration of an estate, so Mrs E is a nominee acting for the deceased Mrs D. As the complaint is about matters which arose after Mrs D died, I can't properly make an award for distress or embarrassment as any upset caused is to Mrs E as executor rather than Mrs D.

Mrs E had to take additional steps to sort the payment of the invoice, but as she was acting as nominee, at best this would mean a modest sum in recognition of the additional inconvenience caused to her.

I don't in any way seek to diminish the upset and embarrassment caused to Mrs E, particularly at a time when she is dealing with a bereavement, but for the reasons outlined above, I think Lloyds' offer to pay £150 seems a fair way to apologise for the poor service she received.

My final decision

Lloyds has already made an offer which I think is fair. So, my final decision is that if it has not already done so, Lloyds Bank PLC should pay Mrs E £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E on behalf of the estate of Mrs D to accept or reject my decision before 3 January 2025.

Gemma Bowen
Ombudsman