

## **The complaint**

The Administrator of Mr F's estate has complained that Lloyds Bank PLC paid out the balances of the accounts he held with it, to a relative of Mr F and will not pay the money to the estate.

## **What happened**

Mr F died in June 2019. Shortly thereafter a sibling of Mr F went to a branch of Lloyds and provided it with a copy of the death certificate. The individual informed Lloyds that Mr F hadn't left a will, and she was his next of kin who was dealing with the estate. Lloyds has a policy that it will pay out funds of up to £50,000 to an estate without the need for letters of administration or probate. As the money it held for Mr F was below this amount, when all the necessary requirements were met, Lloyds paid his sibling the money in July 2019.

In October 2023 Lloyds was contacted by a firm of solicitors representing a more distant relative of Mr F. It asked for details of the account balances and was told that the money had already been paid out to Mr F's sibling. Eight months later, the solicitors contacted Lloyds again. The attorney for the second relative had by that time applied for letters of administration for Mr F's estate. The Administrator continued to use the solicitors to deal with Lloyds – it questioned that Lloyds had paid the money out, as it said that its client was entitled to the money.

Lloyds questioned this situation with Mr F's sibling and asked her to contact it. No response was received. In addition, given the dispute, Lloyds asked the solicitors for more information about Mr F's family and the remainder of the estate, so that it could consider the matter further. No response to the queries were received, although further requests for the funds were made.

The solicitors subsequently complained to Lloyds on behalf of the Administrator as it had not paid the money to the estate. The solicitors also said that Lloyds didn't need the information it had asked for. Lloyds responded to the complaint on 4 November 2024 - it did not consider it had acted inappropriately, and the complaint was rejected. It repeated its request for further information to allow it to assess the situation. The complaint was then referred to this Service for consideration.

One of our Investigators considered the complaint, but he didn't recommend that it be upheld. The Administrator didn't accept the Investigator's conclusions. The solicitors said that Lloyds simply had to pay the Administrator the money from Mr F's accounts, and it was up to the bank to recover the money from the person it had paid it out to. The solicitors asked that the complaint be referred to an Ombudsman.

## **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.

It would appear that there has been some confusion within Mr F's extended family as to the administration of his estate and who is entitled to the money he left, including that from the Lloyds accounts. Such disputes are not something that Lloyds can become involved in directly, but it has indirectly been brought into the situation due to the attorney of a second relative of Mr F being appointed as Administrator and claiming the money from his accounts.

I will firstly comment on Lloyds' actions in 2019. It, like many banks, has a policy that it will release the balance of accounts up to a certain amount without the requirement for a grant of probate or letters of administration. In order to gain either of those documents the representatives of an estate will have to spend money out and the process can take some time to complete. As such, having the type of policy that Lloyds has makes it easier for estates to settle matters in a timely manner. Having reviewed the information from 2019 when Mr F died, I am satisfied that Lloyds followed its policy and acted appropriately based on the situation at the time.

Four years later another of Mr F's relatives wanted to claim the money from his account as his next of kin. They were informed that the money had already been paid out to someone claiming to be his next of kin. It was not until after Lloyds said that the money had already been paid out, that letters of administration were applied for.

The solicitors have said that Lloyds is not entitled to the information it has requested, and that it simply needs to pay the amount that was in Mr F's accounts when he died to the Administrator. Whereas Lloyds has asked that it be confirmed how many beneficiaries of the estate there are and what each of them are entitled to from the estate, as the estate is worth almost four times the amount it paid out to Mr F's sibling. This information would enable it to establish if the estate has effectively suffered a loss from what it did in 2019. It has asked whether the sibling it paid the money out to is entitled to money from the estate and, if their share of the estate would be more or less than the amount they have already received. Lloyds will then be able to determine if it needs to pay the estate any money, or if the money already paid out could be dealt with by the estate as an advance payment having been made.

When considering a complaint, we take the law into account, but our remit is a fair and reasonable one. The unfortunate delay in the Administrator applying for authority to deal with Mr F's estate, and what appears to be a family dispute, has led to the current situation. Lloyds reasonably paid out the funds to Mr F's sibling in 2019 and, while it accepts that person may not have been entitled to all of the money paid out, it doesn't know whether that is the case or not. In addition, it doesn't know what happened to those funds after they were paid out – whether they were distributed to other members of Mr F's family.

In the circumstances, I don't think it's unreasonable for Lloyds to ask the questions it has. If one of the beneficiaries of Mr F's estate has already received funds of an amount that they would be entitled to from the estate, it would not seem reasonable that the money is paid out again to the estate for a second time, as the estate would not have suffered a loss. I consider that it is reasonable for Lloyds to want evidence that the estate has suffered a loss and if it has, the amount of that loss, before it makes any payment in relation to the money held in Mr F's accounts.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask the estate of Mr F to accept or reject my decision before 24 December 2025.

Derry Baxter  
**Ombudsman**