

business

PERSONAL FINANCE

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Banks face backlog and
technical issues, writes
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In an act of frustration, the Fiduciary Institute of Southern Africa (Fisa) issued a press release raising concerns about delays in the winding up of estates.

Fisa called on "all banks to investigate why it takes months to provide basic information to executors to administer deceased estates".

If this is the level of frustration experienced by professionals, smaller estates, for which family members act as executors, must be facing even greater challenges.

According to banking services ombud Reana Steyn, there has been a 67% increase in the number of complaints relating to the administration of deceased estate accounts since last year.

"The issues raised vary and there could be other types of issues at play, but delays by banks is certainly one of them," says Steyn.

Prior to the Covid-19 pandemic, banks would provide the necessary documentation to wind up an estate within two weeks. That process is now taking months.

Added to the frustration is that, according to Fisa chairperson Ian Brink, "the various banks have different procedures which they also sometimes change without consultation, leading to internal confusion among bank staff as well as huge frustration to Fisa members".

As Fisa national councillor Angelique Visser explains, delays in closing accounts and paying out proceeds into a late estate can leave families without cash flow to pay basic bills.

Delays in providing a certificate of balance affects the ability of an executor to wind up an estate and to calculate estate duty.

"There unfortunately seems to be a lack of responsibility on the part of most banks to provide an acceptable level of client service to the executors and heirs of their clients who held bank accounts and have passed on, some of whom may have banked with the institution for decades," says Visser.

Lauren Hean of Appleton Fiduciary Services says that, prior to the pandemic, the average turnaround time from banks was about 21 days, but, for some banks, the standard turnaround period is 90 days.

She cites a case in which it took a bank a month to respond to her email and only then did the 90 days turnaround time start.

"They just pass the buck. No one had the courtesy to respond to my last email."

The banks, it seems, are facing a crisis. They cite issues including a backlog from the lockdown, continuing higher death rates, an increase in fraud, the cyberattack on the justice department last year, and problems with accessing the Master's office online portal to verify letters of executorship.

Banks should urgently increase their staff complement to deal with the backlog and higher volumes.

According to a statement from the Banking Association SA (Basa), high volumes related to Covid-19 have resulted in banks having a backlog of letters of executorship and letters of authority.

"Banks have arranged for staff to work overtime and equipped them with resources to be able to operate from home, among other measures, to deal with the backlog."

Basa has also raised the issue of the instability of the Master's office online portal. This delays the confirmation of appointment letters and subsequent pay-outs and the closure of deceased accounts, which exacerbates backlogs.

"Banks experience delays in receiving confirmation of appointment from the Master's office, and templates



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on the portal do not align to the usual appointment letter template, which often results in the customer having to go back to the Master's office for additional confirmation to support the validation process. This has been raised by Basa with the Master's office with a view to collaborating to find a solution."

Fraud has increased significantly in relation to deceased estates, with fake letters of executorship being presented. Therefore, Basa says, enhanced verification and control measures must be followed by banks, which may lead to increased processing times.

"These controls are required by regulation and market conduct standards, as banks have a legal obligation to safeguard the client's assets until transfer has been done to the estate."

Nedbank says it has "taken proactive steps to manage the delays, which are primarily due to outages on the Masters portal and the dependency on external parties for the submission of the prerequisite documentation, all of which are compounded by large volumes currently experienced".

Aneesa Razack, CEO of FNB Fiduciary, says the bank is actively involved in efforts to ensure that deceased estates are administered in the best interests of beneficiaries, families and loved ones.

"We recognise that, over the period of Covid-19, industry processes for winding up deceased estates have been negatively affected. This is due in part to a rise in deaths, increased fraud and administrative hurdles that are frequently beyond the control of executors and/or banks."

One of the solutions is to assist the Master with digitisation. Razack says that "through collaboration with Basa and the Chief Master's office, FNB is part of efforts to address the current challenges and minimise the adverse impact on beneficiaries and their families".

She also confirmed that the bank was increasing its capacity to help clients and working to improve the processing of smaller estates using data-driven digital platforms.

"We believe that these measures will help shorten the time it takes to close deceased estates."