

Deceased estates and banks: frustrations abound

FOLLOWING the Fiduciary Institute of Southern Africa's (Fisa's) call on local banks to investigate their long lead time for releasing information to executors of deceased estates, and Personal Finance's report on the matter, readers' letters have been pouring in. It seems the delays go much further than pure paperwork and are worse when the banks are the executors themselves.

This report details the uphill tasks faced by family members trying to wrap up the affairs of their late loved ones at various financial institutions.

Absa

James Mentor, an accountant in practice at RHI Scheme Administrators in Cape Town, who assists families with deceased estates, shared a recent experience with Absa.

As the agent to the executor of a certain deceased estate, he identified duplicate insurance premiums on a property in the estate when he received the Absa mortgage bond statement. "Absa finally admitted that it was a duplication," he said. Personal Finance saw the correspondence and can confirm the reversal of an amount of over R65 000.

However, according to Stanley Cupido, the conveyancer who attended to the property transfer, Absa's attorneys indicated that the bank will not refund the amount on transfer; it can only be repaid after the bond cancellation.

"If there was an amount owing on the bond to be cancelled, then the owner's attorneys would have had to supply Absa with a guarantee that the funds will be paid on the day the mortgage bond is cancelled in the deeds office," Mentor says, "together



RUAN JOOSTE
is content editor for personal finance

with the applicable interest that forms part of that calculation."

More than a year later, the estate has been finalised, the property transferred to the sole heir of the estate, and the bond cancelled, yet Mentor says that there has been no indication if or when Absa will honour their commitment to the deceased estate.

Absa had not responded to the query before the print deadline.

FNB

Melanie Weeks, a reader, who now resides in Spain wrote to Personal Finance about her sister-in-law who passed away in February, and how she assisted her nephew in settling her affairs. She said following months of delays and mutual correspondence between FNB and themselves, they approached the Masters Office in their personal capacity to obtain the letters of authority and took it to a local branch.

Only then did FNB send Weeks a copy of the will, and a letter recusing themselves from executing the estate,

mentioning that there was also a property listed in the will.

"The penny then dropped for me," said Weeks. "They did not rescind themselves from executing the estate until they found out that the property was no longer an asset and therefore the estate was valued at less than R250 000."

All deceased estates must be reported to the Master's Office which then issues letters of executorship authorising the executor to wrap up the estate. When the deceased's estate is worth less than R250 000, the office issues letters of authority. Letters of authority entitle the nominated representative to administer the estate without following the full procedure set out in the Administration of Estates Act.

The problem, Weeks says, is that FNB is now dragging its feet in closing a cheque account in the deceased's name, which was in a small overdraft. Personal Finance has seen the long trail of email correspondence on the matter, and there seems to be no clear conclusion in sight.

FNB's media team said they needed more time to investigate the matter when PF questioned the delay.

Standard Bank

A Johannesburg reader related that when her daughter passed away in July 2020 during the height of the Covid-19 pandemic, the estate administrators were very professional and under difficult circumstances managed to handle what was a very uncomplicated estate as there were no dependents. "Dealing with the Master's Office was far easier than the bank and everything was dealt with promptly," she said.

Standard Bank staff were not helpful over the phone as many of them worked from home, and she struggled endlessly to close two accounts in her daughter's name and to relocate debit orders.

It took nearly three months after her passing, and going into the branch, loaded with documents, and refusing to leave, to get it resolved.

"The assistant informed me that branches don't deal with deceased estates," she said, "but being in my mid 70s I was not going to be given the run around any longer. I told her I was not going anywhere until the accounts were closed."

The assistant finally phoned the bank's deceased estates department, and only then did the reader start seeing results.

Standard Bank spokesperson Ross Lindstrom told Personal Finance that "it is difficult to attribute a single contributing factor to delays in the winding up of a deceased estate," however, agreed that the Covid-19 pandemic could have been a contributing factor.

"Notwithstanding, each matter that the bank receives in the deceased estates department is dealt with in a professional manner and with the intention of finalising the query or matter as soon as possible. We therefore strongly encourage executors/the deceased person's loved one's to contact us directly to ensure that matters are dealt with in an expedited manner and/or for guidance/advice to be provided," he added.

Banking ombud

Mentor, who also dealt with the Ombudsman for Banking Services in his recent challenge, said that the time

has come for the ombuds to set an industry standard or issue a directive to banks on the minimum turnaround time for providing information or wrapping up deceased estates.

Ombudsman Reana Steyn told Personal Finance that even though it is unfortunate that no standard or directive yet exists, the Code of Banking Practice as well as the Conduct Standards for Banks "require banks to act fairly and reasonably that would require them to respond to lawful requests for information within a reasonable period of time. To determine what is reasonable we would have to determine that on a case by case basis."

Furthermore, she said that while deceased accounts remain open, the banks continue to charge fees and interest.

"However, if, after our investigation of the complaint, it is found that there were unreasonable delays by the banks, our office will make an appropriate recommendation which may also include the bank having to reverse the fees and interest.

"In instances where our investigation concludes that there was a service level breakdown on the part of the bank, we make the appropriate recommendations aimed at addressing the issue and ensuring that the same cause of the delay is not repeated by the bank.

The ombud says her office has seen a noticeable increase in the number of complaints relating to estate late accounts. "Between 2021 and 2022, we saw a 67% increase in the number of these complaints received and although the issues raised vary, most of the complaints received were with regards to delays by banks."