

Banks 'also to blame' in deceased estate delays

RUAN JOOSTE
ruan.jooste@inl.co.za

THE FIDUCIARY Institute of Southern Africa (Fisa) has called on all banks to investigate why it takes months to provide basic information to executors administering deceased estates.

The delays experienced in the administration and finalisation of deceased estates have been much in the media in recent months. The Master's Offices are often blamed for the backlog, but Fisa says in a media statement it appears that some of the banks are also the reason for the delays.

Fisa has called on all commercial banks to help reduce the backlog and play their part in the administration process by streamlining their procedures.

"This will help families who have lost loved ones with their financial challenges while they are in mourning and assist executors to limit the risks during the administration process," they say in the press release.

Angelique Visser, Fisa national councillor and a past Fisa chairperson, says: "I speak from my own experience, but know that my fellow practitioners are in the same situation, as I am contacted by many of them regularly.

"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.

"Some practitioners are able to obtain authority from the Master's Office within two to three weeks and then have to battle for three to four months for a response from some of the banks. I have personally approached the senior management of several banks for assistance, but have sadly not seen any improvement, hence the reason we are bringing it to the attention of the public."



Ian Brink, the chairperson of Fisa, says: "We are urgently urging the banks to streamline and clarify procedures in the areas required by the executor of a deceased estate so that a liquidation and distribution account can be drawn up without delay. The information required includes the certificates of balance and a tax certificate."

Brink says the closing of a bank account in a deceased's name and pay-

ing the proceeds into a new deceased estate account is imperative to ensure liquidity for urgent expenses and financial needs of the family – for example, keeping up with insurance premiums and servicing debt.

He says the various banks have different procedures, which they sometimes change without consultation, leading to internal confusion among bank staff, as well as huge frustration

for Fisa members, who are trying to fulfil their fiduciary duty to clients.

According to Chrispin Phiri, a spokesperson for the Department of Justice and Constitutional Development, the backlogs at the country's 15 Master's Offices have been "reduced significantly", with progress having been made in stabilising the IT systems to deal with the caseload, which increased dramatically during the lock-

down in 2021.

However, industry players say the current public service strike might reverse any progress made.

Dormant bank accounts

Meanwhile, banks have an increasing number of dormant accounts on their books. According to data from the Banking Association of South Africa (Basa) contained in the Financial Services Conduct Authority's (FSCA's) discussion paper "A Framework for Unclaimed Financial Assets", the number and value of dormant retail bank accounts increased significantly between 2018 and 2021.

In 2021, there were about 5.7 million dormant accounts in the banking system. Over the three-year period, the aggregate value of these accounts had increased from about R1.82 billion to about R3.36bn.

The FSCA has no data regarding unclaimed assets that may be sitting in non-bank transaction accounts and payment wallets. All these deposits are transferred to what is referred to as "suspension accounts", and the time frame is unique to each financial institution.

"Unfortunately, lack of standardisation across the banking sector regarding definitions and methodology may also render the available data less reliable and comparable," the regulator said in its discussion paper. The banking sector is lagging other product providers regarding the identification and tracing of unclaimed assets.

"Part of the challenge may be increased complexity for the banks relating to the volumes of accounts in general and the common practice by account holders of allowing accounts to become dormant rather than closing them when no longer required or used," the FSCA said.

Basa has issued a survey to its members to gather better information on dormant accounts and how the different banks treat these accounts.