

The complaint

The estate of Mr J (the estate) complains that Barclays Bank UK PLC released money from Mr J's account that they shouldn't have done.

What happened

When the estate informed Barclays of Mr J's passing, they say Barclays informed the estate that Mr J's sister had also made a claim and she had submitted a funeral bill to be paid out of Mr J's account. As Mr J did not leave a will, the estate submitted documents to prove that his daughter was his next of kin, however, Barclays claimed this was insufficient and declared a dispute. They advised the estate to obtain letters of administration. The estate say they gave Barclays strict instructions for them not to pay the funeral bill from the account as there were other funds to pay for this bill, but Barclays paid the funeral bill from Mr J's account without informing the estate.

The estate say that Barclays continued to pay a £20 a month standing order to a third party bank, despite Mr J's passing and they paid out a further two payments from the account. The estate say they have tried to speak to Barclays but often face long holding times, a lack of call backs, and call handlers who weren't aware of what previous call handlers had said. The estate made a complaint to Barclays. But they did not uphold the complaint. The estate brought the complaint to our service.

Our investigator did not uphold the complaint. He said Barclays made the payments from the estate in line with their process for paying priority bills. He said this is something that Barclays are within their powers to authorise, and he believed the payments made for the funeral bill and care costs do fall within the category of being a priority bill. He said Barclays did try and contact the estate, but these calls were ended prematurely. The estate asked for an ombudsman to review the complaint.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Firstly, I'd like to pass my condolences on to the estate. I'm aware that I've only summarised the estate's complaint points. And I'm not going to respond to every single point made by them. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome."

I'd like to explain to the estate that it is not within this service's remit to tell a business how to run their processes or procedures such as their bereavement processes and what they should class as a priority bill. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Barclays to make changes to their policies and procedures, if necessary."

Barclays have provided me with their internal procedures for their bereavement process. The procedures show that the funeral bill can be paid from the deceased's funds if certain criteria is met. While the estate says there were other funds to pay for the funeral bill, the letters of administration confirms that Mr J's estate was £5,000. Given his balance in his Barclays account when he passed away, then it doesn't appear that he had the cash or an account elsewhere which would contain these funds (as otherwise the information on the letters of administration would appear to be incorrect).

But regardless of if there was other money to pay for the funeral, I'm satisfied that Barclays followed their procedures once the criteria had been met to pay for the funeral bill. It's important to note here that the funds did not go to a singular person who was then expected to pay for the funeral bill, the payment went direct to the funeral director. While the estate may feel this point is irrelevant, it shows that Barclays did not pay the individual they were in dispute with any money directly. They also paid £361.82 and £54.96 for care costs as these invoices were provided to them from the council. And although Mr J had passed away, it doesn't mean this money wouldn't be owed. I'm satisfied that this would need to be paid from his estate. The care costs show that this was for the period relating to 17 January-27 February 2022 for the £361.82 invoice. The invoice states the payment was due on 31 March 2022. The other invoice for £54.96 states the period covered was from 28 February-6 March 2022 and was payable by 28 April 2022.

So the timeframes mentioned on the council invoices are covering care costs while Mr J was alive. The payment due date had already passed when Barclays released the funds. Based on the nature of the invoice, who they were from and considering the due dates had already passed, then I'm satisfied that Barclays considered these to be priority bills. And as their internal procedures show, they could release funds for priority bills. Again, they did not pay this money to the individual that the estate was in dispute with, these two payments were made to the council directly.

But Barclays did not follow all of their procedures in terms of money being released from the account. Their procedures show that all direct debits and standing orders should have been cancelled. But this didn't happen. There was a £20 a month standing order which went to a third party bank. It's not clear if this went to Mr J's account with the third party bank or whether this went to someone else's account.

But regardless, the standing order should have been cancelled when Barclays were informed of Mr J's passing, and it didn't happen. I asked Barclays about this. They confirmed that this wouldn't be classed as a priority bill, and it should have been stopped. So while this money may have been retained in the estate by going to an account which was in Mr J's name, Barclays have said that as a gesture of goodwill, they would refund £180 to the estate (9 x £20 a month). As Barclays have said they would repay this, I have not investigated who the account holder was with the third party.

I've considered what the estate said about the service they received from Barclays and what they were told about call backs. I can see a system note that Barclays did try and call the estate on two occasions. But the system note shows the call was disconnected before it was answered. So it may just be the estate didn't recognise the telephone number and therefore cut the call off rather than answer the call. But I'd be unable to say one way or another what happened here.

I'm satisfied the letters of administration was needed. It was this which proved who was entitled to the remaining funds after the priority bills had been paid. Without this, the account would still likely be in dispute, so Barclays followed their disputes procedure here.

In considering what would be a fair outcome for this complaint, I've considered that Barclays didn't follow their procedure for stopping standing orders. This was Mr J's money which left his account when it shouldn't have. And it's probable that the estate was told incorrect information by call handlers, had long hold times and had to reiterate their points to Barclays each time they spoke to a new call handler.

But in terms of our powers at this service, Mr J would have been the eligible complainant, who had the required relationship with Barclays under this complaint – and we can only make awards to eligible complainants. The estate representative brings the matter on Mr J's behalf (as the person authorised in law to do so). So it follows that I can't compensate an estate representative for any impact incurred by them personally when representing Mr J or his estate. So with this in mind, I intend to ask Barclays to pay the estate of Mr J £180, which is their goodwill gesture for not stopping the standing order when they should have done, but I don't intend to require them to do anything further."

I invited both parties to let me have any further submissions before I reached a final decision. Neither party responded to the provisional decision.

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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to uphold this complaint in part. I said I intend to ask Barclays Bank UK PLC to pay the estate of Mr J £180. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint in part. Barclays Bank UK PLC should pay the estate of Mr J £180.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr J to accept or reject my decision before 28 September 2023.

Gregory Sloanes
Ombudsman