**Prompt :**

**Context :**You are advising a UK retail bank on setting an appropriate de minimis threshold for a bereavement remediation project. This threshold defines the amount below which the bank will not contact the deceased customer’s next-of-kin or estate representatives, primarily to avoid causing undue emotional distress over minor sums.

In many cases, we see charges (interests and fees) or direct debits/standing orders post on the account after the date bank was notified of the customer's death. Contacting families about these minor balances can be operationally costly, emotionally insensitive, and reputationally damaging. However, not refunding at all can raise fairness and regulatory concerns.

The bank is evaluating three potential de minimis thresholds: £15, £100, and £250.

**Your Task:**

Evaluate each of the following thresholds—£15, £100, and £250—as candidates for the de minimis amount.

Discuss their strengths and limitations across four dimensions:

Emotional impact on next-of-kin (grief reminder, dignity, trivial per-beneficiary sums)

Financial significance for beneficiaries, particularly in average UK wills (usually 2 beneficiaries per estate) but in some cases number of beneficiaries could be far greater.

Operational cost/benefit trade-off for the bank (cost to contact vs. value refunded)

Regulatory alignment (FCA’s Consumer Duty, fairness expectations, precedent such as CASS or industry practice)

Based on your analysis, rank the three values (from most to least optimal) for use as the de minimis.

Propose an ideal fallback threshold in case none of the three values (£15, £100, £250) offer the best balance. Justify why this new amount may be more appropriate.

Reflect on post-closure timelines: If a remediation is triggered after an estate has been closed (up to 15 years later), what is a meaningful financial threshold to warrant contacting a beneficiary given the emotional cost of reopening memories? Provide a qualitative assessment based on grief literature, estate practices, and bank reputation management.

**Additional Requirements:**

Also think of average number of beneficiaries on a UK will

Provide concrete examples to support your reasoning (e.g., a £100 total refund split across four heirs = £25 per person).

Consider the potential public relations risks of too low or too high a threshold.

Suggest any override policies for vulnerable customers or disproportionately affected estates.

**Tone & Output:**

Produce a professional-grade output suitable for an executive-level memo or internal policy paper. Use formal structure, headings, concise analysis, and a final section with a clear recommendation. Tables or ranked summaries are welcome.

# **---------------------------------------------------------------------------------** Evaluating De Minimis Thresholds for Bereavement Remediation: A Strategic Imperative for UK Retail Banks

## Executive Summary

This report evaluates three potential de minimis thresholds—£15, £100, and £250—for a UK retail bank's bereavement remediation program. The objective is to identify a threshold that optimally balances humanitarian empathy, financial significance for beneficiaries, operational efficiency, and regulatory alignment, while mitigating reputational risks. Our analysis concludes that **£200 is the most optimal threshold** for an average of 2 beneficiaries, offering a meaningful gesture of support to bereaved families, streamlining bank operations, and robustly aligning with regulatory expectations, particularly the FCA's Consumer Duty. Lower thresholds are found to be inadequate and potentially counterproductive, while £250, though generous, may exceed the optimal balance point for this average. In the unlikely event that £200 is not feasible, a fallback threshold of £100 is proposed as a pragmatic compromise. Furthermore, the report addresses the unique considerations for remediation triggered long after an estate's closure, advocating for a significantly higher threshold to justify re-engaging with grieving families.

## 1. Introduction: Navigating Bereavement with Empathy and Efficiency

The period following a death is profoundly challenging, often compounded by complex financial and administrative tasks that can feel like an "overwhelming burden" at a time when individuals are "least able to cope," significantly impacting their grieving process.1 Financial pressures during bereavement have a substantial negative impact on emotional well-being, with 44% of bereaved individuals reporting such an effect, rising to 72% for those who lost a spouse or partner. This underscores the critical need for financial institutions to approach deceased estates with utmost sensitivity and care.

In many cases, charges (interests and fees) or direct debits/standing orders continue to post on an account after the bank has been notified of the customer's death. Contacting families about these minor balances can be operationally costly, emotionally insensitive, and reputationally damaging. However, not refunding at all can raise fairness and regulatory concerns.

The Financial Conduct Authority (FCA) mandates fair treatment and support for customers in vulnerable circumstances, a category that unequivocally includes bereaved individuals. The FCA's Consumer Duty, effective July 2023, reinforces the expectation for firms to ensure good outcomes, clear communication, and tailored support, emphasizing that products and services must offer "fair value".2 This regulatory framework highlights that a bank's responsibility extends beyond transactional accuracy to encompass the holistic well-being of its customers. In UK wills, the average number of beneficiaries is typically 2 4, though in some cases, this number can be far greater. This means that even a modest total remediation amount can become trivial when divided among multiple heirs.

This report will evaluate the proposed de minimis thresholds against these critical dimensions, providing a clear recommendation for a policy that is both compassionate and strategically sound.

## 2. Evaluation of De Minimis Thresholds

### 2.1. £15 Threshold

* **Emotional Impact on Next-of-Kin:** This threshold is highly problematic. Contacting a grieving family for a £15 refund, which, when split among an average of 2 beneficiaries, amounts to a trivial £7.50 per person, risks being perceived as insensitive and demeaning. It can re-traumatize individuals by forcing them to re-engage with the administrative burdens of their loss for a negligible sum, exacerbating their emotional distress . It offers no meaningful relief and can feel like an insult, undermining the bank's perceived empathy.
* **Financial Significance for Beneficiaries:** A £15 payment provides virtually no meaningful financial relief. Given that over a third of bereaved individuals report negative financial impacts and many resort to borrowing for essentials , such a small sum is unlikely to alleviate any genuine financial strain.
* **Operational Cost/Benefit Trade-off for the Bank:** The operational cost of identifying, calculating, communicating, processing, and documenting a £15 remediation payment almost certainly exceeds the amount being refunded. While a Bacs payment can be as low as 5p-50p , the cost of a single inbound customer service call can range from £3 to £15 5, and internal administrative overhead (staff time, system resources, compliance checks) is substantial.6 Pursuing thousands of such low-value cases creates immense administrative friction, diverting valuable resources from more impactful activities and leading to a clear negative return on investment.
* **Regulatory Alignment:** A £15 threshold risks failing the "fair value" and "good outcomes" principles of the FCA's Consumer Duty.3 While the CASS rules mention a £25 de minimis for unclaimed client money 7, this is not applicable to remediation for bank errors that have caused harm. Regulators, including ASIC, emphasize making consumers "as closely as possible to the position they would have otherwise been in" 8 which a £15 payment for an error affecting a bereaved customer would likely not achieve.
* **Reputational Risk:** Very High. This threshold is a prime candidate for negative media headlines and social media backlash, easily framed as a large bank "penny-pinching" from grieving families. The Bank of Queensland, for instance, faced sanctions and public condemnation for incorrectly charging deceased estates, even for small fees, due to "serious and systemic breaches" and a "lack of urgency" in remediation. A £15 de minimis invites similar scrutiny and can severely damage public trust.

### 2.2. £100 Threshold

* **Emotional Impact on Next-of-Kin:** While an improvement over £15, a £100 refund, when split among 2 beneficiaries, yields £50 per person. This sum may still be perceived as relatively small given the emotional burden of re-engagement . It might not adequately convey the bank's empathy or commitment to genuinely supporting vulnerable customers, potentially still feeling like a bureaucratic exercise for a modest sum.
* **Financial Significance for Beneficiaries:** A £100 payment offers limited financial relief. It may not be substantial enough to significantly alleviate the financial difficulties experienced by many bereaved individuals, particularly those who have had to borrow money for essentials.
* **Operational Cost/Benefit Trade-off for the Bank:** The operational return on investment for £100 cases is still suboptimal. While better than £15, the bank's systems and staff are still engaged in a high volume of relatively low-value cases. Resources consumed by processing numerous £100 remediations could be more effectively deployed towards preventative measures or higher-value customer issues.6 Dissatisfaction from perceived inadequate remediation can still lead to further, avoidable customer contact and complaints, negating initial "savings".
* **Regulatory Alignment:** This threshold may still be challenged by regulators as insufficient, particularly if the cumulative impact of errors on a bereaved customer is perceived to be greater than this amount. It might not consistently meet the regulatory emphasis on "giving consumers the benefit of the doubt" and "minimizing the risk of under-compensation".8
* **Reputational Risk:** High. While less severe than £15, a £100 de minimis can still be portrayed as insufficient, especially if a bereaved customer's story of significant financial struggle is highlighted. It might not meet public expectations of corporate social responsibility and genuine care, leaving the bank vulnerable to criticism.

### 2.3. £200 Threshold (Optimal)

* **Emotional Impact on Next-of-Kin:** A £200 refund, when split among 2 beneficiaries, yields £100 per person. This amount represents a significant and tangible sum, moving beyond tokenism to offer meaningful support. It demonstrates a clear commitment to empathy and dignity, reducing the likelihood of re-traumatization by ensuring the effort of engagement is justified by a substantial benefit . This level of per-person remediation is substantial enough to be perceived as a genuine gesture of care, without being excessive.
* **Financial Significance for Beneficiaries:** A £100 per-person payment can genuinely assist with immediate, unexpected costs associated with bereavement, such as administrative fees, unexpected bills, or contributing to basic living costs. This level of support provides practical relief and proactively mitigates financial stress, aligning with the bank's commitment to supporting emotional well-being during grief. It offers a clear, tangible benefit that can make a real difference to individuals facing financial strain during bereavement.
* **Operational Cost/Benefit Trade-off for the Bank:** This threshold strikes an optimal balance, significantly reducing the volume of cases where the operational cost of remediation outweighs the customer benefit. It allows for reduced administrative burden, as fewer individual low-value payments translate to less manual processing, fewer inbound customer queries about small amounts, and reduced need for detailed reconciliation for minor sums, thereby freeing up staff capacity.6 This leads to efficient resource allocation, allowing staff to focus on more complex cases and proactive improvements.9
* **Regulatory Alignment:** A £200 de minimis threshold aligns strongly with the spirit and intent of the Consumer Duty's "fair value" and "good outcomes" principles for vulnerable customers.2 It demonstrates a proactive and customer-centric approach to remediation that minimizes the risk of under-compensation and genuinely gives the customer the "benefit of the doubt".8 By setting a meaningful threshold, the bank reduces its exposure to regulatory criticism and sanctions for inadequate remediation.
* **Reputational Risk:** Low. This threshold demonstrates a clear and tangible commitment to customer well-being and corporate responsibility. It positions the bank as empathetic, caring, and genuinely supportive towards its most vulnerable customers, which is a powerful brand differentiator. By offering a substantial and meaningful remediation, the bank significantly reduces the likelihood of negative media stories or social media outrage, fostering a positive narrative of proactive customer care and accountability, enhancing trust and long-term customer loyalty.

### 2.4. £250 Threshold

* **Emotional Impact on Next-of-Kin:** While a £250 refund (yielding £125 per beneficiary for 2 heirs) is undoubtedly a very generous sum, the incremental emotional benefit beyond the £200 threshold may diminish. The primary goal is to avoid undue distress, and a slightly lower, yet still highly meaningful, amount like £200 may achieve this balance more efficiently without being perceived as excessive .
* **Financial Significance for Beneficiaries:** A £250 payment provides substantial financial assistance, certainly capable of covering unexpected costs and alleviating significant financial strain. However, for an average of 2 beneficiaries, the £125 per person may be considered more than strictly necessary to achieve the core objective of meaningful financial relief, potentially leading to an over-remediation in some cases without a proportional increase in humanitarian or operational benefit.
* **Operational Cost/Benefit Trade-off for the Bank:** While still offering good operational efficiency compared to lower thresholds, the additional £50 per case (compared to £200) for a potentially diminishing return in perceived value might slightly reduce the overall cost-benefit optimization. The bank aims for the most efficient allocation of resources while ensuring fair value.6
* **Regulatory Alignment:** This threshold still aligns well with regulatory expectations for fair value and good outcomes.2 However, the optimal point for proportionality, balancing benefit with cost and avoiding over-remediation, might be slightly lower at £200.
* **Reputational Risk:** Still Low. This threshold would still be perceived very positively. The distinction from £200 is subtle in terms of public perception, but £200 is argued to be the optimal balance for the average case.

## 3. Comparative Analysis of De Minimis Thresholds

The following table provides a clear, structured comparison of the three proposed de minimis thresholds across the key dimensions discussed.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Feature / Threshold** | **£15** | **£100** | **£200 (Optimal)** | **£250** |
| **Emotional Impact** | Tokenistic, re-traumatizing, insulting (e.g., £7.50/beneficiary) | Limited relief, still administrative burden (e.g., £50/beneficiary) | Tangible support, meaningful gesture (e.g., £100/beneficiary) | Very generous, but diminishing incremental emotional benefit (e.g., £125/beneficiary) |
| **Financial Significance** | Negligible | Modest, often insufficient | Meaningful, practical assistance | Substantial, but potentially over-remediation for average case |
| **Operational Cost/Benefit** | Negative ROI, high administrative friction 6 | Suboptimal ROI, moderate friction 6 | Optimal ROI, streamlined processes 6 | Good ROI, but potentially less optimized than £200 6 |
| **Regulatory Alignment** | Poor, contradicts Consumer Duty spirit, high scrutiny risk | Questionable, invites scrutiny 8 | Strong, aligns with Consumer Duty, low scrutiny risk 2 | Strong, but £200 may be more proportionate 2 |
| **Reputational Risk** | Very High (e.g., "penny-pinching" headlines) | High (perceived as bare minimum) | Low (perceived as empathetic, responsible) | Low (perceived as empathetic, responsible) |

## 4. Ranking of Thresholds

Based on the comprehensive analysis across all critical dimensions, the ranking of the three values from most to least optimal for use as the de minimis amount is:

1. **£200**
2. **£250**
3. **£100**
4. **£15**

## 5. Proposed Fallback Threshold

While our analysis strongly advocates for £200 as the optimal de minimis threshold, should internal constraints (e.g., budget limitations) necessitate a compromise, an ideal fallback threshold would be **£100**.

Justification for £100 as a Fallback:

A £100 threshold, when distributed among 2 beneficiaries, would still provide £50 per person. While not as impactful as £100 per person (from a £200 total), it is significantly more meaningful than £7.50 per person (from a £15 total). It offers a more tangible form of support that is less likely to be perceived as trivial or insulting compared to £15. Operationally, it would still allow the bank to waive a substantial number of very low-value cases, maintaining some efficiency gains. From a regulatory and reputational standpoint, £100 is a more defensible position than £15, demonstrating a greater commitment to customer well-being than the lowest option. It represents a pragmatic minimum if the optimal £200 cannot be achieved.

## 6. Post-Closure Remediation: Timelines and Thresholds

Remediation triggered long after an estate has been closed (e.g., up to 15 years later) presents a unique and highly sensitive challenge. The emotional cost of re-contacting a bereaved family years after they have processed their grief and closed the estate cannot be overstated.

* **Emotional Cost of Reopening Memories:** Grief is rarely "tidy" and can be compounded by "secondary losses," including financial ones.3 Re-contacting individuals years later, especially for a bank error, can trigger "cumulative grief" or "bereavement overload," bringing back unresolved pain and forcing them to revisit a traumatic period they may have worked hard to move past. Even if the initial loss was years ago, a new reminder can bring back the emotional intensity, potentially causing significant distress and disrupting their current emotional equilibrium. This re-engagement can also reignite family conflicts that may have subsided over time, particularly concerning financial matters or possessions.
* **Estate Practices and Expectations:** Estates are typically administered and closed within a year or two. Contacting beneficiaries 5, 10, or 15 years later is highly unusual and goes against the natural closure of the bereavement process.
* **Bank Reputation Management:** Reopening old wounds for anything less than a truly substantial sum would be a significant reputational risk. It would be perceived as profoundly insensitive, exploitative, and could lead to widespread public condemnation, far outweighing any financial benefit to the bank. The narrative would be one of a large institution causing unnecessary pain for a minor financial correction.

Meaningful Financial Threshold for Post-Closure Remediation:

Given the severe emotional cost of re-engagement years after an estate's closure, the financial threshold to warrant contact must be significantly higher than the standard de minimis. It must be a sum that genuinely and materially impacts the beneficiary's financial situation, providing a clear and undeniable benefit that outweighs the emotional burden of re-contact.

Qualitatively, this threshold should be at least **£500, and ideally £1,000 or more**. A sum of this magnitude could, for example, cover a significant unexpected expense, contribute to a major life event, or provide a noticeable improvement to financial security. For anything less, the bank's policy should be to internally write off the amount or make a charitable payment, without contacting the bereaved. The principle here is that the bank should only cause this emotional disruption if the financial benefit to the individual is truly transformative and unequivocally justifies the potential distress.

## 7. Override Policies

To ensure the bank maintains flexibility and upholds its commitment to fair treatment, the £200 de minimis threshold (or any chosen threshold) should be subject to clear override rules:

* **Customer Hardship or Extreme Vulnerability:** If the bereaved customer explicitly communicates or demonstrates significant financial hardship (e.g., inability to cover essential costs, reliance on high-cost borrowing ), or exhibits characteristics of extreme vulnerability (e.g., severe mental health impact from bereavement, cognitive impairment), the threshold should be overridden. The FCA emphasizes providing "flexible and tailored support" and "stepping outside of procedure" for vulnerable customers.2
* **Cumulative Impact of Multiple Errors:** If a customer has been affected by multiple small errors, where each individual error falls below the de minimis, but their cumulative financial or emotional impact is significant, the threshold should be overridden. This aligns with regulatory expectations for firms to "understand the nature, extent and impact of the misconduct".8
* **Systemic Failure or Significant Bank Error:** If the error leading to remediation is identified as part of a broader systemic failure, a significant bank-initiated operational error, or a breach of internal controls (e.g., similar to the issues identified with Bank of Queensland improperly charging deceased accounts ), the de minimis should not apply. Full remediation should occur regardless of the individual amount to demonstrate accountability and prevent the bank from "profit[ing] from the misconduct or other failure".8
* **Formal Customer Complaint/Dispute:** If a customer formally complains about an amount that falls below the de minimis, the bank should review the case individually and consider overriding the threshold. This ensures complaint resolution, maintains customer satisfaction, and prevents escalation to external bodies.
* **Legal or Regulatory Mandate:** If a specific legal, regulatory, or ombudsman directive mandates remediation for a particular type of error, or for a specific customer, irrespective of the amount, the threshold must be overridden.

## 8. Conclusion and Recommendation

The evaluation unequivocally demonstrates that a **£200 de minimis threshold** is the most optimal choice for the bank's bereavement remediation program, particularly when considering an average of 2 beneficiaries. It strikes the ideal balance between humanitarian empathy, meaningful financial impact for beneficiaries, operational efficiency, and robust regulatory alignment, while proactively mitigating significant reputational risks. Lower thresholds are shown to be counterproductive, causing unnecessary distress and operational inefficiencies without providing meaningful benefit. While £250 is generous, £200 achieves the optimal balance of benefits for the average case.

**Recommendation:**

1. **Adopt a £200 de minimis threshold** for all proactive bereavement remediation outreach.
2. **Implement the proposed override rules** to ensure flexibility and continued customer-centricity for vulnerable customers and exceptional circumstances.
3. For remediation triggered **long after an estate's closure (e.g., 5+ years)**, establish a significantly higher threshold, ideally **£500 or more**, to justify the emotional cost of re-engagement. For amounts below this, the bank should internally write off the sum or make a charitable payment without contacting the family.

This strategic approach will not only enhance the bank's ethical standing and fulfill its Consumer Duty obligations but also drive operational efficiencies and solidify its reputation as a trusted and empathetic financial partner, particularly during customers' most vulnerable times.