Great, I’ll begin a detailed evaluation of whether £15 is a justifiable de minimis threshold for various bereavement remediation scenarios. I’ll assess each scenario based on operational cost vs. benefit, FCA or industry precedent, reputational risk, and edge case considerations. I’ll also explore what other UK banks or insurers have done in similar contexts and frame recommendations in a format suitable for policy or presentation use.

I’ll let you know as soon as the findings are ready.

**Bereavement Remediation and £15 De Minimis Threshold**

**Executive Summary:** UK regulators increasingly focus on how banks handle bereavement cases – demanding fair, prompt treatment of deceased customers’ accounts. This report examines whether applying a £15 de minimis threshold (i.e. ignoring post‑death fees/interest below £15) is justifiable. For each scenario below – overcharged credit‑card interest, continued account fees, and post‑notification insurance premiums – we assess threshold reasonableness, cost/benefit, regulatory alignment and trust implications. In general, FCA guidance and case precedent (e.g. Santander’s £32.8m fine) emphasize **no tolerance for avoidable harm** in bereavement cases. A £15 floor risks undermining fair treatment, especially given FCA’s emphasis on vulnerable customers (bereavement is a key vulnerability factor). We conclude that any threshold should be very low (if used at all) and recommend that banks lean toward full remediation of post‑death charges, citing cost of compliance against trust and regulatory risk.

*Fig: Candles at a memorial; banks’ bereavement processes affect grieving families. FCA expects firms to treat bereaved customers with “appropriate levels of care”.*

**1. Credit Card Interest Overcharged After Death**

* **Threshold Reasonableness:** On notification of death, credit accounts are typically frozen. Any interest accruing **after** the date of death is arguably unjustified. For example, Bank of Ireland explicitly states no interest is charged from death-date, and any mistakenly charged interest *will be refunded*. A £15 threshold here is **not meaningful** compared to industry practice. Interest calculations (often daily percentages) can easily exceed £15 on moderate balances; even if small, fairness dictates refund. FCA guidance on vulnerable customers (and Consumer Duty) would suggest even small harms shouldn’t be dismissed. In PPI redress, FCA allowed pragmatic simplification only if the total redress was “de minimis (e.g. in the tens of pounds or less)” – well above £15. By analogy, a £15 floor is likely below FCA’s implicit tolerance; indeed FCA found Santander *had to pay interest* to beneficiaries for delays.
* **Cost vs. Benefit:** Automating a check for post-death interest is straightforward (since accounts are flagged deceased). The incremental cost of crediting small amounts (e.g. £5–£10) is minimal once systems are set up. Administrative overhead arises only if each case were handled manually. In contrast, the benefit – closing a complaint or vindicating a bereaved customer’s expectation of fairness – is high. A small refund often prevents a customer (or executor) from escalating a complaint. Conversely, insisting on a £15 minimum saves trivial payout amounts at the risk of customer anger and complaints (and potential FCA scrutiny). For example, a U.S. case showed a bereaved family lost ~$264 to monthly fees, ultimately provoking media attention. Even if a UK bank’s exposure is less, the reputational cost could outweigh the minimal saving.
* **Regulatory/Industry Alignment:** No FCA rule explicitly sets a small-value threshold for bereavement refunds. However, FCA principles demand fair outcomes (PRIN 2.1.1 requires treating customers fairly). In the Santander enforcement, FCA cited failure to treat bereaved customers “fairly” as a breach of Principle 6. Santander remedied by transferring funds *with interest* and compensation to heirs. This underscores that regulators expect banks to undo any financial harm. By contrast, ignoring <£15 would be hard to square with “no disadvantage” approach. Consumer Duty and vulnerability guidance (FG21/1) list bereavement as a key vulnerability driver, implying banks should be especially cautious about small errors. Industry guides praise good bereavement practice (e.g. pro‑active support, speedy closure) and note severe penalties for failures (Santander’s £32.8m fine). A £15 de minimis is not a recognized industry norm.
* **Trust/Reputation Risk:** Bereavement is an acutely sensitive time. Failing to refund even a few pounds can seem callous. Publicized cases (Santander, or TSB wrongly flagging living customers as dead) show FCA will hold banks to account. Social media and media can amplify small slights into big trust hits. Internally, front-line staff may struggle to explain why a customer’s £5 overcharge is dismissed; this can undermine confidence. Conversely, proactively refunding fosters goodwill and demonstrates empathy (a Lloyds guide even promises to pay funeral and tax bills from the account without charging additional fees). Weighing the costs, the reputational benefit of full remediation (and signalling “we care”) likely exceeds the saved fraction of a £15 threshold.
* **Edge Cases:** Very low-interest scenarios (e.g. a £100 balance at 12% annual = £1 interest/month) might fall under £15 threshold for a couple months. Strictly speaking, ignoring these violates principles of “no disadvantage.” A possible compromise would be to apply a threshold *per estate* or *per account*, or only if the cost of identifying/contacting heirs outweighs the refund. For example, if the total owed to an estate (including all errors) is <£15, the bank could document the effort and consider it de minimis. However, this risks FCA challenge unless clearly documented. In sum, applying any threshold here is risky.

**Conclusion – Scenario 1:** £15 is **not reasonable**. FCA precedent implies zero tolerance for avoidable interest. We recommend automatically voiding or reimbursing any interest charged after death (with automated logic), with manual review only for highly complex estates.

**2. Current Account Maintenance Fees After Death**

* **Threshold Reasonableness:** Maintenance or monthly fees should cease once the account is frozen. FCA and industry guidance implicitly assume no fees accrue post‑death. Lloyds’ bereavement guide states that once told of a death, “we’ll stop all standing orders and direct debits” – implying no further charges. Charging even a small monthly fee (£3–£10) to a deceased sole account is arguably a failure to implement this process. A £15 threshold here would excuse up to four months of fees – which seems unjustified. Any continuing charge is ethically dubious, since the customer (estate) has no benefit. Even if a couple of pounds is at stake, families may protest. In effect, the bank should avoid charging these fees at all; a threshold would simply codify overlooking mistakes, against FCA’s “pro-customer” stance.
* **Cost vs. Benefit:** Preventing fees post-death is primarily a systems/process issue, not a per‑case cost. Once the death notification is recorded, the account should be either closed or frozen. Ensuring no further fees is low-cost (e.g. a “defund” flag). By contrast, calculating refunds or reconciling a threshold involves work. If fees were charged, refunding is usually a one-click correction and letter; not burdensome. The “benefit” of ignoring <£15 would be negligible savings, while the “cost” is unhappy executors. The U.S. case of a $200 account drained by $11/month fees (became negative) shows the pain even modest fees can cause. In UK context, similar complaints (even for a few pounds) could become high-profile. So from a cost/benefit view, it’s better to err on the side of action.
* **Regulatory/Industry Alignment:** Again, FCA has no carve‑out for small fees. Basic rules (e.g. CASS or ICO rules) about escheatment or account closure don’t mention thresholds. Principle 6 requires fair outcomes – charging any fee that disadvantages a bereaved customer is a breach. In Santander’s case, FCA noted that Santander failed to close accounts promptly, causing *months or years* of fees to leak out. FCA expected Santander to reimburse those funds and interest. Similarly, the PPI guidance allowed approximation only if people “would not be disadvantaged” by it – tolerating a few pounds only when no harm. Here, even £5 is a disadvantage. Industry precedent (manna from heaven aside) suggests banks should be proactive: e.g. some UK banks automatically freeze or close dead sole accounts (usually as soon as death certificate is submitted). Failing to do so, and then writing off small fees, could look like complacency. No UK case explicitly endorses a fixed small threshold for bereavement errors.
* **Trust/Reputation Risk:** Charging (or not refunding) even one fee can be seen as profiteering off tragedy. Public trust suffers more if executors learn the bank kept taking money. FCA (and the new Consumer Duty) expect firms to consider vulnerable outcomes – a bereaved family is undeniably vulnerable. Refusing to refund £10 may well provoke a complaint; and if escalated to the FOS, ombudsmen often side with fairness, even if statutory losses are small. The internal brand risk is high: bank staff get discouraged if told “we can’t help under £15” when the family is in tears. By contrast, waiving a small fee is easy goodwill. Given how FCA fined major banks for far larger failures, the risk/reward balance strongly favors full remediation.
* **Edge Cases:** Very low balances can be an edge (e.g. account in overdraft by £5 due to fees). If the entire estate is tiny (<£15), an argument could be made to forgo painstaking pursuit. But even then, fairness suggests writing it off or covering the difference. Joint accounts (where one dies) differ: the surviving holder usually retains the account and continues paying fees anyway, so threshold decisions are irrelevant there. Another edge: *debt recovery fees* (e.g. charging for returned direct debits after death) might apply, but best practice is to stop those flows immediately. Overall, it’s hard to justify blanket ignoring of any post-death fee.

**Conclusion – Scenario 2:** A £15 threshold is **not reasonable**. Banks should ensure accounts are frozen/closed so that **no maintenance fees** accrue after death. Any fees inadvertently taken should be refunded in full. Even “small” refunds preserve trust and comply with FCA expectations of fair treatment.

**3. Insurance Premiums Collected After Death Notification**

* **Threshold Reasonableness:** Once a bank or insurer is notified of death, ongoing insurance cover (e.g. life, loan protection, credit-card insurance) should terminate. Any premium taken after that point is mispaid. Unlike general “small” charges, insurance premiums are not one-off trivial fees; they often reflect meaningful coverage amounts. Allowing a £15 skip could mean one full month or more of premium unpaid. Virtually no industry guidance tolerates *any* premium payments beyond death. A bereaved family will rightly expect the insurer or bank to cease billing. For example, many insurers explicitly cancel policies on death and refund unearned premium. If a bank’s insurance (e.g. car or travel insurance via the account) kept running, even £10 of premium is money taken wrongly. A de minimis here seems particularly unpalatable – the customer gets nothing for it.
* **Cost vs. Benefit:** Stopping premiums is generally the insurer’s job, not the bank’s – but the bank should aid the process once notified. The cost to the firm of recovering or refunding small insurance premiums is minimal (often just an accounting reversal). Systems often already prorate or refund cancelled premiums. Claiming a threshold “saves” only the smallest amounts, whereas the reputational fallout can be large. Moreover, error here can have cascading costs: imagine a family is sent a renewal notice that includes post-death charges. Not refunding even a pound may lead to a complaint or legal claim. Given that insurers must handle death claims sensitively, banks supporting their customers should adhere to similar standards. The benefit of ignoring <£15 is effectively zero, while the cost (in complaints/work) is nonzero.
* **Regulatory/Industry Alignment:** FCA’s recent industry reviews are more about claims handling speed, but they underline that “most firms [handle bereavement] well” only if they pay benefits and close policies promptly. Charging premiums post-notification violates this norm. The Santander enforcement indirectly covered some insurance (investments), but the principle is the same. Again, Principle 6 (fair treatment) requires returning any unearned monies. Under FG21/1, bereavement is a vulnerability, and firms are expected to “put consumers’ needs at the forefront”. No FCA or FOS guidance suggests a small-threshold exception for insurance premiums. In fact, typical insurance law would regard post-death payments as void ab initio, since the risk no longer exists.
* **Trust/Reputation Risk:** If a bereaved customer is still charged an insurance premium, they will feel cheated. This can damage trust in both the insurer and the bank. One hears anecdotes of families refusing to let banks near estate accounts for fear of hidden fees. For example, Lloyds explicitly offers to pay funeral and tax bills from the estate without “fees such as Inheritance Tax and probate fees” being withheld – a message of support. In contrast, charging any premium after death would appear as an automatic penalty on grief. The negative word-of-mouth or regulatory scrutiny from even a small scandal can far exceed the pennies saved.
* **Edge Cases:** If an insurance premium is itself very low (say a £12 monthly premium on a low-tier policy), a £15 threshold would excuse it entirely. But the logic would be perverse: why forgive a small premium charge but refund a £16 charge? Perhaps one could argue to apply a “round up” approach (i.e. refund all charges, period), which in practice means no threshold. Another edge: if the bank’s insurance is actually a bundled cover (e.g. phone insurance via credit card), some firms might argue “no refund, because the cover was already provided”. FCA guidance would counter that the cover itself is moot after death, so refunds should apply. In any event, a strict £15 cutoff could create inconsistent outcomes.

**Conclusion – Scenario 3:** £15 is **not reasonable**. Premiums taken after formal death notification should be fully refunded. Banks should work with insurers to ensure policies terminate on time, and any small overpayment is reversed.

**4. Other Bereavement-Related Scenarios**

Beyond the given cases, banks may encounter similar issues in bereavement remediation. Key examples include:

* **Overdraft Interest/Fees:** If a sole account went into overdraft after death (e.g. due to posted checks or fees), charging interest or overdraft fees is similar to scenario 1/2. Such charges should be stopped and any levied refunded in full (no £15 exemption), since the estate should not bear additional cost of bank delays.
* **Annual or Account Fees:** Some accounts or cards have annual fees. If billed after death, the customer has received no service. For example, a £10 annual fee in a joint account after one holder’s death (with the other unable to use the funds) should be refunded entirely, not waived only if >£15.
* **Reward/Points Forfeiture:** A more positive scenario: bank loyalty points or cashback for the deceased. These may be small (<<£15), but FCA expects firms to consider if failing to compensate is harmful. In some cases, banks have credited small points balances to executors; a £15 threshold might skip this, but even small amounts can ease estate admin.
* **Foreign/Currency Exchange:** If a deceased person had foreign currency or forex transactions pending, any fees should similarly be zero- or fully adjusted.

For each, the same analysis applies: any de minimis exemption risks unfairness. Unless operationally prohibitive (e.g. manually contacting 1,000s of heirs for a few pence), remedial actions are small and should not be withheld. FCA has noted that firms should review MI and outcomes to catch such cases – implying no “shrug” for small sums.

**Recommendations**

1. **Avoid a £15 Threshold or Keep It Extremely Low:** We recommend *against* a rigid £15 cut‑off. If any threshold is used, it should be at most a few pounds and applied as an operational convenience only when full remediation would be grossly disproportionate. Even then, the decision should be documented as fair. In practice, automating full refunds (or account freezes) will mostly eliminate charges, rendering thresholds moot.
2. **Automate Account Closure/Freezing:** Ensure systems immediately freeze accounts on death notification (as Lloyds indicates) so that no new fees/interest can accrue. This prevents most issues. Staff should review any accounts that did incur charges (especially in the notification window) and credit them out-of-cycle.
3. **Proactive Communication:** Inform the executor or representative that “we won’t charge or will refund any incidental small amounts (fee, interest or premium) found after closure.” This builds trust. For example, provide a statement showing all activity and corrections. Reassuring bereaved customers that the bank is waiving even trivial amounts (beyond the expected £15) demonstrates Consumer Duty compliance.
4. **Align with FCA Expectations:** Reference FCA’s vulnerability guidance and recent enforcement cases in training and policy. Emphasize that bereaved customers are a priority – the FCA said firms must “consider where they can make improvements” in treating such customers. Remediation programs should mirror the thoroughness of Santander’s remediation (fund transfers + interest/compensation), even if scale is smaller.
5. **Governance and Monitoring:** Report aggregate remediation metrics (e.g. number of accounts remediated, total amount refunded vs. number of small ‘no‑touch’ cases). The FCA praised firms tracking MI on bereavement outcomes. Use this to justify the treatment of small-amount cases.
6. **Final Settlement and Closure:** After remediation, consider sending a single letter summarizing actions (including amounts refunded or waived). In Santander’s case, FCA noted timely remediation only after senior management were alerted. By contrast, swift remediation (even for £10) signals “we own this process.” If the bank does decide to forgo trivial refunds, clearly explain why (e.g. “the sum is smaller than our operational cost”) to avoid confusion.

**Sources:** FCA publications and press releases on bereavement and consumer duty; bank bereavement guidance (Lloyds, Bank of Ireland); industry commentaries; and FCA fairness guidance. These underscore that fair treatment of bereaved customers should not hinge on penny‑amount thresholds.

| **Scenario** | **Proposed De Minimis Threshold** | **Justification** | **Your Notes** |
| --- | --- | --- | --- |
| Refund of interest charged post-mortem | £15 | Small interest amounts often accrue due to minor system lags; refunding amounts <£15 may cost more in processing than the compensation itself. |  |
| Monthly account fee refund after date of death | £15 | Operational cost of remediation (manual processing, QA, communication) typically exceeds £15; aligned with industry practice for small-value waivers. |  |
| Insurance premiums collected after notification of death | £15 | Premiums under £15 often fall within a billing cycle; refunds <£15 seen as nominal, particularly if family received full policy benefits. |  |
| Interest foregone due to delayed account closure or funds transfer | £15 | Interest differences are often minimal; £15 balances cost vs. perceived customer fairness. |  |
| Missed direct debit reversals (e.g. utilities, subscriptions) | £15 | Refunds below £15 are unlikely to cause material harm; efficient for handling bulk remediations with minimal manual effort. |  |

Absolutely — if you're looking for **more detailed, structured prompts** that you or a teammate can reuse in a tool like ChatGPT or an internal LLM setup, here are several that dig deeper into both the **analysis** and the **justification** aspects of setting a **£15 de minimis threshold** for bereavement remediation.

**🔍 DETAILED PROMPTS FOR YOUR PROJECT**

**Prompt 1: Scenario-Based Justification with Regulatory, Operational, and Reputational Angles**

*"We are working on a bereavement remediation project for a UK-based bank. For various scenarios involving incorrect charges after a customer’s death (e.g., interest, fees, insurance), we are considering applying a de minimis threshold of £15.*

*Please evaluate whether £15 is a justifiable de minimis value for the following scenarios:*

1. Overcharged interest on credit card balances after the date of death
2. Monthly current account maintenance fees after death
3. Insurance premiums deducted post-death notification

*Provide the following for each:*

* Whether £15 seems reasonable or not
* Operational cost vs. benefit analysis
* Alignment with FCA or industry precedent
* Risks to customer trust or reputation
* Any edge cases where £15 might not be appropriate"

**Prompt 2: Suggest a Tiered De Minimis Approach**

*"We are looking to define a de minimis strategy for bereavement-related remediation. Instead of one flat amount, propose a* ***tiered de minimis structure*** *that varies by transaction type or customer risk profile (e.g., vulnerable, flagged by complaints, etc.).*

*For each proposed tier, please explain:*

* Suggested threshold (e.g., £10, £15, £25)
* Applicable scenarios
* Justification (cost-benefit, customer fairness, risk)
* How this can be implemented in a scalable way across 100k customers"

**Prompt 3: AI Model Logic Generation Prompt**

\*"Help design a rule-based or machine learning-based method to automatically determine de minimis thresholds for bereavement remediation.

Inputs could include:\*

* Transaction type
* Average refund value
* Processing cost per case
* Volume of impacted customers
* Customer vulnerability flags

*Output should be a threshold value (e.g., £15) per scenario. Please suggest a basic model architecture or rule logic and how it can be justified to senior stakeholders."*

**Prompt 4: Risk & Cost Modeling Prompt**

\*"Create a simplified cost-risk model to justify a £15 de minimis threshold for bereavement remediation.

Assume:\*

* Average remediation cost per case is £25
* There are 100,000 impacted customers
* 60% of these would have refunds under £15
* Regulatory pressure to ensure fairness, but allow operational efficiency

*Please output:*

* Total remediation cost with vs. without de minimis
* Risk-adjusted rationale for choosing £15
* Visual or tabular representation if possible"\*

**Prompt 5: Customer Sentiment/Perception Analysis Prompt**

\*"From a customer trust and perception point of view, how would applying a £15 de minimis threshold in bereavement cases be viewed?

Assume the threshold is used in cases like refunding small fees or interest after a customer's death.

Please answer:\*

* Would this likely cause complaints or PR backlash?
* How to mitigate any negative sentiment?
* Examples of customer-friendly messaging to explain the de minimis approach
* Are there any real-world analogies (e.g., energy companies, telecoms) that support this?"\*

**Prompt 6: Drafting an MD/Steering Deck Summary Prompt**

\*"Summarize the business case for using a £15 de minimis threshold in a bereavement remediation project.

The audience is the MD and project steering group.

Include in the summary:\*

* Number of impacted customers
* Operational cost of processing vs. expected refund amounts
* Regulatory acceptability of applying de minimis
* Recommendations with mitigation strategies for vulnerable customers
* Risks and proposed controls"\*

Would you like me to run one of these prompts live and generate a sample output for you? Or package them all into a single document you can share with your team?

Thanks for the clarification. I’ll now prepare a justification for using a £15 (or comparable £10–£20) de minimis threshold for bereavement remediation that can be defended both internally (e.g., to your MD or operational teams) and externally (e.g., to the FCA or auditors).

I’ll include arguments based on operational cost-efficiency, customer fairness, proportionality, and relevant regulatory commentary or industry examples. I’ll also explore how a tiered or conditional approach (e.g., exclusions for vulnerable customers) could strengthen the justification.

I’ll let you know as soon as the findings are ready.

**Defensible £15 De Minimis Threshold for Bereavement Redress**

**Why £15 is reasonable:** In bereavement cases, disputed amounts (e.g. a few days’ interest, a modest fee or insurance premium) are often very small. Paying out sums under ~£10–£20 individually can **cost more in time and money than the amount**. For example, sending a single letter or cheque can exceed £1–£2 in postage and processing – close to the payout itself – and manual handling (staff time, data searches) adds further cost. A modest de minimis (£15) lets the bank focus on **meaningful remediation** rather than expending resources on trivial refunds. As one industry practitioner observes, a de minimis cut-off is “vital for efficiency, cost-effectiveness, and fairness” – it “enables resources to be used wisely” and avoids the absurdity of refunding “less than the cost of the stamp”. In short, £15 is low enough to ensure most genuine losses are covered, yet high enough to avoid disproportionate effort for negligible gain.

* *Illustrative logic:* If 5,000 bereavement accounts each have an owed balance of £10, paying £50k yields only £50k benefit. But contacting each (even automated) incurs significant costs (system calls, letters, reconciliations). By contrast, excluding sub-£15 cases largely spares this overhead while trimming only a small fraction of total redress.
* *Relative impact:* £15 is small relative to typical household budgets. It approximates common small charges (e.g. two days’ overdraft interest on a £1,000 balance). The threshold also aligns with existing norms (for example, FCA client money rules treat **£25 or less** as de minimis for unclaimed funds).

**Operational cost vs. benefit:** Manually remediating thousands of tiny balances is labour-intensive. Each claim might require: verifying the estate, tracing beneficiaries, mailing letters or cheques, and handling queries. Even if automated, system changes and ongoing monitoring are needed. The bank must balance this expense against actual consumer benefit. In practice, the **administrative cost per case easily exceeds £15** for low-value items. For example, generating correspondence can cost ≈£1 per item, not counting staff review. Aggregating these costs across a large population can run into tens of thousands of pounds, potentially dwarfing the payout amount. Using a de minimis threshold focuses remediation efforts on cases where consumers have lost *material* sums, making the overall program more sustainable and focused.

* This approach prevents “excessive burden” on the firm that could ultimately hurt customers (e.g. by diverting resources from larger issues).
* It also aligns with the principle of prioritizing substantial harms: we **prioritise higher-value cases** that meaningfully affect customers’ outcomes, as advocated in remediation best practice.

**Alignment with Consumer Duty and Fairness:** Under the FCA’s Consumer Duty, firms must deliver **good outcomes** for all customers (including those in vulnerable circumstances). A de minimis policy can be consistent with these standards if applied transparently and fairly. Key points:

* *Fair Value:* The Duty’s Price and Value outcome demands customers pay a fair price for the benefits received. If a small error causes an equally small loss, it may be fair (and pragmatic) not to seek 100% redress at disproportionate cost, provided the methodology is clear.
* *Vulnerability:* The Duty emphasises care for vulnerable customers. So the bank should **avoid a rigid blanket**. For known vulnerable estates or cases involving hardship, the bank may lower or waive the threshold to ensure those customers are not disadvantaged by the policy.
* *Transparency:* The firm should document the threshold policy (e.g. in bereavement handbooks or FAQs) and communicate any decisions clearly. This ensures affected customers understand why very small balances may not be paid immediately, and can trust the process.
* *Balanced approach:* The Consumer Duty encourages proportionate efforts. In remediation guidance, regulators (NZ Commerce Commission, cited by industry) explicitly endorse a de minimis floor as balancing “consumer protection while preventing excessive burden on businesses”. By analogy, FCA examiners will view a modest threshold as reasonable if the bank can show it protects customers from trivial harms **without** squandering resources.

**Precedents and industry practice:** Regulators and firms already tolerate small-value exceptions in various contexts. For example, FCA client money rules allow firms to donate **retail balances of £25 or less** to dormant accounts after one contact attempt. This “de minimis” treatment acknowledges that pursuing tiny funds can be impractical. In the compensation/remediation space, the concept appears in guidance: the NZ Consumer Remediation Guidance (Commerce Commission) explicitly added a de minimis threshold to ensure remediation is efficient and fair. Internationally, redress schemes often include small-claims carve-outs or allow aggregation (charitable donations of minor funds) to avoid excessive costs. While UK firms typically endeavour to fix all errors, the FCA has signaled pragmatism: for truly nominal sums, the bank’s reasonable steps (e.g. one notice, logging the case in management info) may suffice. In short, a modest de minimis fits with precedents of focusing on material customer loss while managing resource burdens.

**Mitigations to support fairness:** To ensure the threshold is defensible, the bank should implement safeguards:

* **Vulnerable/exclusions:** Automatically waive the threshold for cases flagged as vulnerable (e.g. estates of deceased dependents, sudden bereavement of elderly spouse). If a relative can demonstrate particular hardship, pay the small amount.
* **Transparency:** Clearly explain (on customer helplines or FAQs) that very small balances (below £15) fall within a de minimis policy, and provide a channel if customers object or request review.
* **Escalation process:** Even if the policy says “no payout for <£15”, train staff to handle queries sensitively: e.g. if a bereaved caller simply requests the few pounds, consider processing sympathetically, especially if the cost is low in that context (e.g. crediting to another account).
* **Management information:** Track cases where redress was withheld vs paid, by number and total value. Review periodically to ensure the threshold remains justified (e.g. if average case costs fall or if many complaints arise).
* **Audit trails:** Document the rationale and governance behind the threshold. For external auditors or FCA reviewers, the bank should be able to show how the £15 policy was set (e.g. based on cost analyses and fairness principles) and applied consistently.

**Tiered/conditional thresholds:** The bank could adopt a sliding approach, which adds nuance and shows flexibility:

* **Value banding:** For very low balances (e.g. £0–£10) apply the £15 rule; for mid-range (e.g. £10–£20) consider partial review; above £20, always pay.
* **Scenario-based:** Use a lower threshold for certain scenarios (like overcharged insurance premiums or misapplied fees) where customers may expect prompt redress, and a slightly higher threshold for trivial interest or rounding discrepancies.
* **Account or customer profile:** If the deceased had high-value accounts (and remaining balances are large), even a £15 error is negligible, so higher threshold is fine. Conversely, if only a small joint account remains, err on the side of paying smaller amounts.
* **Charitable sweep:** For residual sums below threshold in total, consider donating accumulated leftover amounts to a registered bereavement charity (with FCA permission if needed), similar to dormant account rules. This demonstrates the bank isn’t profiting from withheld amounts but using them socially, which can be noted in external communications (without identifying individuals).

In summary, a £15 de minimis cutoff can be justified by **efficiency and proportionality** while still aligning with the FCA’s Consumer Duty. It ensures the remediation program is **operationally practical** and focused on meaningful customer losses, yet fair (through transparency and select exceptions). The threshold is supported by analogous industry practices (e.g. FCA CASS charity rules) and remediation guidance. With appropriate oversight, MI reporting, and clear policies, the bank can defend this threshold both internally to senior management (as prudent risk management) and externally to auditors/regulators (as consistent with good conduct and customer-first principles).

**Sources:** Industry and regulator guidance stress that modest de minimis levels in remediation help balance consumer protection with business practicality. FCA guidance on vulnerable customers and Consumer Duty reinforces fair outcomes and extra care for those bereaved, which underpin our approach.

Absolutely — this is a sensitive but important use case, and you’ll want to approach it with both analytical rigor and empathy.

**Project Context Clarification**

Just so I get the full context:  
You’re tasked with finding a **de minimis threshold** (i.e., a minimal compensation amount below which it is considered not cost-effective or necessary to remediate) for **100k customers** under various **bereavement-related remediation scenarios**. Your MD wants you to use **AI (probably LLMs like me)** to:

1. Propose a reasonable de minimis amount for each scenario.
2. Justify *why* that amount makes sense — ideally with logical, regulatory, or operational reasoning.

**Recommended Prompting Approach**

Here’s a framework you can follow using prompting. You can use these either in ChatGPT or other LLM tools if integrated internally.

**🔹 Foundational Prompt (Scenario-Specific Analysis)**

Use this to analyze a particular scenario:

"In a bereavement remediation context for a bank, assume we have [scenario description, e.g., overcharged interest on a loan for deceased customers’ estates]. We need to determine a reasonable *de minimis threshold* — an amount below which compensation may be waived — for 100,000 affected accounts.

Please recommend a reasonable de minimis value (in GBP), and explain the justification based on:

1. Regulatory leniency or precedent (e.g., FCA guidance)
2. Operational cost of remediating small amounts
3. Customer fairness perception
4. Industry best practices or analogies"

**🔹 Comparative Prompt (Across Scenarios)**

If you're looking at 3–5 scenarios and want a table or comparison:

"I have the following bereavement-related remediation scenarios:

1. Refund of interest for incorrect charges post-mortem
2. Refund of monthly fees for inactive accounts after death
3. Refund of insurance premiums charged after notification of death

For each, please suggest a de minimis amount and justify it based on:

* Financial impact vs. cost of processing
* Regulatory guidance
* Risk of reputational damage
* Customer expectations"

**🔹 Prompt to Justify a Specific Amount**

If you already have some tentative thresholds and want to test them:

"Assume we've selected a de minimis threshold of £5 for refunding overcharged account fees in bereavement cases.

Please evaluate whether this amount seems justifiable and fair. What are the operational, legal, and customer fairness arguments that support or oppose this value?"

**🔹 Prompt for Quantitative Modeling Idea Generation**

You might want to generate logic for how to pick the threshold dynamically:

"We want to design a method to determine de minimis thresholds for various bereavement-related remediation cases. The method should factor in:

* Volume of impacted customers
* Average refund per customer
* Cost to process a remediation case
* Reputational risk score (low, medium, high)

Propose a basic decision logic or model (rule-based or AI-assisted) for selecting de minimis values."

**Optional Add-on:**

You can follow up by saying:

"Make the output formal, suitable for inclusion in a business case or MD-level presentation."

Would you like help designing a table to present these thresholds and rationales to your MD, or prefer to try these prompts first and come back with outputs to refine?