

Bank / Building Society accounts and death

Do I need to let the bank/ building society know when someone dies?

As the executor or administrator of someone's estate, one of your responsibilities is to notify all relevant people and organisations of the person's death. This includes the banks and building societies or any other organisation where they held cash. For simplicity we will call all such organisations banks in this article.

What happens to money in a bank after someone dies?

When a bank is notified of the death of one of their account holders, as a general rule, all of the deceased's bank accounts that bank manages are immediately frozen.

Sole accounts

Any payment going in and out of the accounts, such as direct debits and standing orders, will be stopped. You as the executor /administrator will also not be able to withdraw any money from the accounts.

Although there are some exceptions (e.g. the payment of funeral expenses and inheritance tax (see more below)), unless it is a 'small' balance (see more below) the bank will typically prohibit access to the account until a Grant of Representation (i.e. either a Grant of Probate or of Letters of Administration) is produced..

Joint accounts

Where a bank account was jointly held with a spouse or another individual, the surviving individual typically

becomes the sole owner. In order for the account to be transferred into their sole name, they will need to provide the bank with the death certificate.

A Grant of Representation (i.e. either a Grant of Probate or of Letters of Administration – for simplicity in this article we will refer to both types as a 'Grant') will not be needed before the account can be transferred to the surviving joint owner.

What should I ask the bank for upon notification of death?

You should ask for:

- a date of death figure for the account balance and a figure for interest accrued but not yet at that point for reporting on Inheritance Tax (IHT) forms, even if no IHT is payable?
- a note of interest paid in previous tax periods for completing pre and post death income tax returns;
- a note of any items kept in safekeeping at the bank and procedure to access these;
- the same information for any other accounts or assets they manage for the deceased.



'Small' balances allowing access without a Grant?

Some banks may release money without a Grant, if the account value is below a certain amount but this is at the discretion of each bank, and the thresholds differs between banks. In any event it is likely to be capped somewhere between £5,000 and £50,000 depending on the bank.

If the amount held in the deceased's account(s) with the bank is below their specified value then the bank may only require sight of the original death certificate and any Will the deceased left, as well as some ID and an indemnity form signed by the executor / administrator in order to release the balance on the account.

Can I use a deceased's person's bank account to pay for their funeral?

Despite the general rule about funds in the deceased's bank account being frozen, most banks will agree to release funds to pay for the deceased's funeral. They will generally pay the funds directly to the Funeral Director, upon receipt of a Funeral Director's invoice, and the death certificate.

Can I use a deceased person's bank account to pay the Inheritance Tax (IHT)?

You can ask the deceased's bank to pay some or all of the IHT due from the deceased's account(s) directly to HM Revenue and Customs (HMRC) if the bank is a participant to the 'Direct Payment Scheme'.

How long do banks take to release money after probate?

Once the bank has received a copy of the Grant of Probate/ Grant of Letter of Administration and all the necessary documents, generally they should release the funds fairly promptly – one can hope for within two weeks.

How to find out all the bank accounts that the deceased held?

Look through the deceased's paperwork and any electronic traces – e.g banking apps for clues. When contacting the bank to let them know about the death include all referencing information you have found and make sure to also ask them to inform you of any other accounts the deceased might have held with them. You might want to provide previous names and addresses.

If you really have very little information on their financial position, asset tracing organisations can search for financial traces they may have left in order to focus your enquiries.

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