MARCH 2022

THE COST AND BUREAUCRACY OF DYING

Fairer Finance

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FOREWORD

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FOUNDER, LIFE LEDGER

Dealing with the death of a loved one is possibly the hardest thing that we ever go through.

The finality of their passing can leave us distraught, angry, confused, vulnerable and fragile, yet almost immediately, we are expected to start the complex and laborious task of sorting out their affairs. It is a time we need and expect sympathy, a helping hand, and a nudge in the right direction. In reality, we hit barriers, antiquated processes, remorseless repetition and, occasionally, scandalous charges.

For once, Government has got it right, their Tell Us Once service, dramatically simplifies the notification process across the public sector. Bereaved families can tell everyone from the local authority and the Department of Work & Pensions to the DVLA and the Passport Office quickly and simply from one place. The private sector is a little more fragmented.

Until 2018 when the Death Notification Service (DNS) was launched, there was nothing available to help the bereaved to deal with the private sector. Today the DNS allows the bereaved to reach its 26 members in the financial sector. In January 2021, after 3 years of research and planning, we launched Life Ledger, a sector agnostic platform that notifies over 900 companies in the UK – everyone from banks and pension providers to gas, water, electricity and telecoms, social media, streaming services, credit cards, loyalty cards, charities and insurers.

Through our work we see the good, the bad and the ugly when it comes to helping families through the bereavement process. Some companies, like O2, understand that no matter how good their own bereavement journey, it simply forms just a tiny part of a family's much wider one. They are truly 'human centric' organisations who prioritise the needs of bereaved over their own.

The bad are often restricted by poor training or have been hit hard by the pandemic and have had to restrict key segments of their businesses at a critical time. Others are simply overly protective of their own customer bereavement journey and won't let others in to help. The ugly can be appalling, dedicated bereavement lines that ring and ring, call centres where communication is rushed and unintelligible, and cold, unempathetic staff who cannot deviate from a standard script.

By commissioning this report we wanted to help shine a light on how companies are dealing with the bereaved, how they respond to families when they most need help, and how we can all work together to improve the situation. Life Ledger's mission is to help families simplify the administrative burden of a death and we all need to challenge the status quo to really effect meaningful change.

EXECUTIVE SUMMARY

Reporting a death is too hard, too paper based – and emotionally draining. With most financial services firms requiring paper copies of death certificates to be mailed in the post, or physically taken into branches, the task of reconciling the affairs of a loved one can be a bureaucratic nightmare.

Worse still, billions of pounds of assets go unclaimed every year as a result of this inefficiency. While unclaimed pension and bank account assets are a well-known phenomenon, there are also substantial sums of money that go unclaimed from insurers and subscription services – who have a vested interest in keeping quiet when a customer dies.

New research for this report reveals that in the investment industry, a number of firms still continue to charge their clients long after they have died – as well as levying additional fees to liquidate and close accounts.

Household names such as AJ Bell, Barclays, BestInvest and Halifax charge customers hundreds of pounds for paying money out to an estate when their customer dies.

In other areas of financial services, a great number of companies still have no formal digital means of notifying them of a death. Some 22 of the 49 savings providers we looked at require relatives and representatives to sit on hold on the phone, or queue in branch to report the death of a loved one.

And many firms – across insurance, mobile telephony and utilities – have little or no information on their sites around how to report a death, or what their policy is around refunds.

Anecdotally, it's clear that some companies do the right thing – and refund charges. But with very little information available, it can leave the bereaved being pushed from pillar to post, and spending hours on the phone to disentangle a loved one's affairs.

Although new services, such as Life Ledger and Settld, are trying to provide a one stop shop for customers to notify of a death – there is no obligation on firms to cooperate.

This report makes five recommendations to government and the service industry regulators.

1. Government should urgently begin work on creating digital death certificates, which would enable customers to easily provide proof of death without having to phone or post proof. This should include interim digital death certificates for those families who are awaiting outcomes from a coroner.
2. As part of its work to create digital death certificates, the government should follow through on the recommendations of the Varney report, providing consumers with digital identities which facilitate registration of births and changes of address to be managed digitally. In doing so, it should legislate to require companies to register all accounts against a consumer's digital identity – ensuring that no assets are lost in new accounts that are opened.
3. The Department of Business, Enterprise & Industrial Strategy should amend the Consumer Rights Act, to include new rules on maximum timescales for account closures and customer refunds after a person's death – backed up by enforcement penalties for non-compliance.
4. The key service regulators – the Financial Conduct Authority, Ofwat, Ofcom and Ofgem – should introduce new regulations to prevent firms from charging any more than their costs after a customer dies, including an outright ban on cancellation and account closure fees. This should include a requirement that firms refund charges in excess of costs back to the date of death if notification is delayed.
5. As legislation and regulation will take time to come to fruition, service industry trade bodies should encourage firms to sign up to Fairer Finance's Dignity after Death charter (see page 16).

Acknowledging that new legislation and new regulation take time, we urge service industry trade bodies to coalesce behind a united commitment to make death notification quicker and simpler by encouraging member firms to sign up to our Dignity After Death Charter, and making these commitments part of their member rules.

In today's digital age, it should be possible to reconcile someone's affairs after they die by completing nothing more than a single online form. We are edging closer to that being a reality, but government and industry need to play their part.

BACKGROUND

The death of a loved one is a traumatic event. But it can also be the beginning of a bureaucratic nightmare, as relatives are left to arrange funerals, close accounts and reconcile the affairs of the person who's died.

In today's digital world, closing accounts should be straightforward. Unfortunately, in many sectors, it remains an antiquated, very paper-based and sometimes expensive process. A significant number of firms still require the original death certificate to be sent to them, while others charge fees for closing accounts, or continue to add charges long after the customer has passed away.

While there is now a new breed of firms – such as Life Ledger and Settld - who are leading the digitalisation of death notification processes, there is no legal imperative for firms to update or streamline this part of their service.

Indeed, once a customer is deceased, there is little incentive for firms to act quickly and promptly to shut accounts and return any balances to the estate. Bereaved family members tend not to have the time and energy to engage in complaints about the failures of the system.

According to research by the consumer group Which? [1], around one in six consumers reported account closures taking more than three months after a relative had died. This rose to over one in three for those who had been through the process after the beginning of the pandemic in 2020.

But the inefficiency of firms' death notification procedures, collectively costs consumers millions of pounds a year – both from ongoing charges for unused services, as well as unclaimed savings and pension funds where paperwork and account details have been lost.

According to research published by Life Ledger at the start of 2021, the cost of uncancelled subscriptions and direct debits amounts to over £170m a year. [2]

[1] *https://www.which.co.uk/news/2021/02/banks-failing-bereaved-families-as-coronavirus-hits-services/*

[2] *https://www.funeralservicetimes.co.uk/news/people/2021/01/14/bereaved-families-lose-171m-a-year-cancelling-subscriptions/*

Tell us Once

It's not an entirely bleak picture, however. At a government level, the Tell Us Once service takes care of closing a whole raft of government related accounts – off the back of a single phone call or completion of an online form. It deals with everything from HMRC and the DVLA to the Passport Office and local Council. It will even contact some public sector pension schemes.

Tell Us Once was created off the back of a government report written by Sir David Varney in 2006 [3], looking at ways to improve the efficiency of various government processes.

Sir David recommended that new systems were put in place to improve information sharing between public sector bodies not just when someone dies, but also when births are registered or people move house. Five years later, Tell Us Once was up and running and working successfully, but it never reached as far as births or home moving.

And critically, Tell us Once does not reach into the private sector where consumers now have an increasingly complex and large number of commercial relationships.

A similar proposition to Tell Us Once – called the Death Notification Service (DNS) – was launched in the banking sector in 2018. Like Tell Us Once, it allows you to notify multiple organisations about a death – by completing just one online form or making a phone call.

Unfortunately, there are currently just 26 brands that participate in the DNS, and many of these are owned by the same organisation anyway.

Big high street names like Virgin Money, TSB, Metro Bank – as well as the new breed of challengers such as Monzo and Starling – are not part of the service.

Outside of banking, the picture is even worse. Until recently, there was no shortcut to closing utility accounts, cancelling insurance policies or reconciling investment accounts. While the likes of Life Ledger and Settld now offer a private sector one-stop death notification service – not all companies have relationships with these new service providers.

Those that do can facilitate account closure in a matter of minutes or hours. While those that don't may still take days or weeks to process requests.

For many consumers, there is still no way to avoid picking up the phone and sitting on hold to a number of different companies when they are looking to report a death. As well as being time-consuming, many people find this to be emotionally draining at a time when they are grieving.

[3] *https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/229012/011840489X.pdf*

Paper-based processes

At the worst end of the scale, some firms still require a lot of physical paperwork to be sent to close down accounts. As well as paper forms, some firms require a physical copy of the death certificate.

For those unlucky enough to need to await a coroner's verdict, a final death certificate may not be attainable for many months. Although it is possible to get an interim death certificate from the coroner's office, this won't always be enough for financial services providers to shut down accounts.

This can leave customers forced to wait lengthy periods for pensions and investments to be liquidated and returned to the estate.

Digital death certificates

The reliance on paper in the recording of births, deaths and marriages is an inconvenience for almost all people at some stage in their lives.

There is now a growing clamour for these vital records to be moved online. Online death notification firm Settld launched its "Bereavement Standard" campaign, backed by the charity Cruse, in 2020 – calling on the government to standardise the paperwork required to close accounts "with a view to accepting digital documents where possible" [4].

In a House of Commons debate on the Bereavement Standard called by MP Graham Morris in February 2021 [5], Paul Scully, a minister in the Department of Business, Enterprise and Industrial Strategy, said "The Government are working with regulators to understand what we can do to provide more clarity and confidence for firms on the use of digital copies of death certificates."

However, he went on to clarify that the current focus is on helping firms to accept digital copies of paper death certificates, rather than investing in the larger task of creating a digital certificate.

In July 2021, the government awarded a contract to Kainos Software to make improvements to the death registration process – with a beta version of a new platform to be delivered by the spring of 2022 [6]. However, ministers have confirmed that this will not result in the creation of digital death certificates – merely improvements to some of the notification processes that exist. [7]

However, during the pandemic, government authorities were temporarily authorised to provide confirmation of death digitally. While this was only a temporary measure, it suggests that the challenge may not be insurmountable if there is the political will to follow through [5].

[4] *https://www.change.org/p/uk-parliament-make-it-easier-for-families-to-close-the-accounts-of-a-loved-one-who-dies*

[5] *https://hansard.parliament.uk/Commons/2021-02-03/debates/D3EDEAAD-787A-48B2-9A0C-E5A50384D13B/Bereavement*

[6] *https://www.digitalmarketplace.service.gov.uk/digital-outcomes-and-specialists/opportunities/14497*

[7] *https://questions-statements.parliament.uk/written-questions/detail/2021-04-21/185345*

[8] *https://www.nafd.org.uk/2020/03/27/coronavirus-act-changes-to-death-registration-in-northern-ireland/*

Unclaimed assets

Although a failure to offer streamlined death notification services for utilities and other day to day services is an inconvenience for the bereaved, the sums of money involved are often relatively small.

But in the pensions, investments and savings markets, individuals can have funds running into the thousands or tens of thousands of pounds.

In many cases, these accounts were set up at a time when record keeping technology was fairly basic. And subsequently, the original provider may have been sold on several times and now operate under an entirely different brand. As a result, firms often don't have up to date contact details for account holders or their relatives.

When someone dies without leaving account details or a clear paper trail to their accounts, sums of money end up being unclaimed.

According to the Reclaim Fund, there are over £3.6bn of unclaimed assets in the insurance, pensions, wealth management and securities sector [9].

The Reclaim fund was set up a decade ago to redistribute unclaimed assets in the banking sector to good causes – and since it was established, almost £1.4bn has been transferred into the scheme. Estimates of how much remains unclaimed in bank accounts varies – but it is thought to be at least £1bn.

While there may be no way of reuniting some dormant assets with their rightful owners, there are things that could be done to prevent the loss of assets in the future.

While the government claims that it is committed to exploring digital identity solutions which would prevent assets being lost, in the short term, it's focus is on expanding the Reclaim Fund to allow it to redistribute unclaimed pension, wealth management and securities assets to good causes. [10]

In its new regulations for funeral plans, the Financial Conduct Authority has said all plan providers must ask customers for a nominated representative, who they will then write to once the plan is set up [11]. This is to reduce the chance of the plan going unclaimed. But rules such as this do not exist in relation to any other financial services products. Indeed in the life insurance market, there is often no request for a named beneficiary. In the worst cases, where a will has not been written, it leaves growing numbers of unmarried partners with no claim on a life policy which was intended to support them.

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[9] *https://www.reclaimfund.co.uk/storage/2021/04/Dormant-Assets-Information-Guide_Version-2-2021.pdf*

[10] *https://www.gov.uk/government/consultations/consultation-on-expanding-the-dormant-assets-scheme/outcome/government-response-to-the-consultation-on-expanding-the-dormant-assets-scheme*

[11] *https://www.fca.org.uk/publication/policy/ps21-8.pdf p43*

THE BUREAUCRACY AND HIDDEN COST OF DYING

To understand the extent of the problem with death notification, Fairer Finance looked at how easy it is to close accounts across a number of utility and financial services companies in the second half of 2021 and early 2022. We also looked for any penalties or charges that relate to closing accounts once someone has died – or evidence of firms continuing to charge long after a person has passed.

In addition, we analysed customer and employee feedback from the report sponsor Life Ledger, a service which aims to provide a one stop shop for death notification.

The picture is mixed in every sector – with some examples of good practice dotted around. But we also found many examples of firms either charging to close accounts, or leaving customers to jump through a series of bureaucratic hoops to do what should be a simple task.

Fees and charges

Thankfully, most firms don't charge customers for closing down their accounts when they die – even if they were mid-contract.

But a small number of firms in the investment sector continue to hit customers with explicit charges to pay out the benefits when the customer dies.

TABLE 1: Fees for payment of benefits when the account holder dies or gets divorced

BRAND	PRODUCT	FEE (£)
AJ BELL YOUINVEST	SIPP *(self-invested personal pension)*	Time/cost basis, minimum £250
BANK OF SCOTLAND	SIPP	Time/cost basis typically between £250 and £500
BARCLAYS	SIPP	Time/cost basis
BESTINVEST	SIPP	Time/cost basis for payment of benefits. Probate valuation £10 per holding
CHARLES STANLEY	SIPP	Time cost only
HALIFAX	SIPP	Time/cost basis typically between £250 and £500
IWEB	SIPP	Time/cost basis typically between £250 and £500
PILLING AND CO	SIPP	Account closure £250. Probate valuation £12 per holding (min £30)

Although there are clearly costs involved in selling holdings and paying out funds to a customer's estate, these are inevitable costs of doing business.

Many firms have stopped charging explicitly for these services, choosing instead to factor the costs into their headline price. But of those that continue to charge, fees can run into the hundreds of pounds. Worse still, most do not provide a fixed fee for the service, but let you know at the end of the process.

Other platforms will not charge to close your account, but will continue to charge their customers long after they have died.

AJ Bell's terms and conditions, for example, state:

"The Charges will continue to accrue (in accordance with the terms of this Agreement) after Your death, until Your account is closed and the Agreement with us ends."

This means that for those bereaved customers who take some time in reporting the death, charges continue to rack up, and if there's any hold up in granting probate, charges could carry on being levied for many months.

In a similar vein, HSBC's investment platform terms say:

"These Terms will continue to apply to your Account while it is designated as a 'continuing account of a deceased investor'."

It goes onto say that it may choose to waive fees and charges at its discretion – but ultimately reserves the right to retain them.

In contrast, Aviva and Santander both explicitly state that they will stop charging their platform fee from the date they are notified of death. However, this still means customers can continue to be charged if it takes time for their family to notify of their death. However, it does at least prevent continued charges while probate is being applied for and holdings are being liquidated.

More often than not, the Ts&Cs of investment platforms simply say that once you die, the company will continue to "rely on these terms". What that means in practice is that they'll still continue to charge you until your account is completely closed.

Paper proof

With digital death certificates not yet in existence, there's no avoiding physical pieces of paper when you're reconciling the affairs of a loved one who recently died.

And sadly, a number of firms still require you to follow through the entire account closure on paper.

When you go to register a death, you can ask for a number of certified copies of the death certificate, or you can ask a solicitor or notary to certify copies. However, there is a cost to ordering each copy – and at the time of registering a death, families may not know how many they are going to need.

One complication that makes things harder for consumers is that a number of firms stipulate that they won't accept a copy of the death certificate – and that representatives must send them the "original death certificate" for them to be able to close an account.

In reality, there is no such thing as the original death certificate. When a death is registered, a record is made at the local Council – but any piece of paper that is issued to the relatives or representatives of the deceased by the Council is a "certified copy".

In the investment sector, the likes of AJ Bell, Fidelity, and Aviva – to name but a handful – all state that they won't accept anything short of the original death certificate before a death can be registered – and they won't accept copies.

What they mean in practice is that they will only accept certified copies of the death certificate, but they won't accept photocopies.

The insistence on only accepting paper copies means that more often than not, documents need to be securely posted and then returned – a process which adds time and money to what should be a simple procedure.

When we analysed the notification processes of the 49 largest savings providers, only two – Tesco Bank and Leeds Building Society – explicitly said they would not require a paper copy of the death certificate – and Tesco goes onto say it may need one later in the process. The remaining 47 brands said they would either need a copy sent in the post, or presented in a branch (for those providers that have branches).

Notification via the death notification service does not require a death certificate immediately. However, the site says that this may be required later – and the individual bereavement pages on bank websites all stipulate that a physical copy is required – with the exception of Leeds Building Society, which clearly states it won't need one.

The majority of brands will let you start the process with a phone call, but 22 out of the 49 savings brands we looked at have no process for notifying them of a death online.

The right information

It's also not particularly easy to find details about how you go about shutting accounts.

Some banks do a great job. For example, Lloyds Banking Group's brands include a link to support with bereavement on their home pages. Whilst Barclays and Co-op have easily accessible links from their main drop-down menus.

Others make it much harder. We were unable to find any information at all about what to do when someone dies on the RCI Bank website. We also couldn't find any information on Aldermore's site when we searched for terms like death and bereavement in the help section. However, a page did come up when we searched in Google.

The language used is also an issue. The most common term used to signpost support for people looking to closed accounts when someone dies is "bereavement". This is not a term that will be familiar to all, and won't necessarily be a term they will search for when they are closing accounts.

But a number of banks – including HSBC and Barclays – title the key information under pages called "What to do when someone dies?" which is much more intuitive and accessible for a wider range of customers.

Insurance and utilities

Elsewhere in financial services, there's also a very mixed picture in terms of how easy it is to report a death and whether you'll get any refund of premiums.

Car or home insurance policies can cost hundreds of pounds a year, and it's likely that much of this goes unclaimed if someone dies mid policy.

None of the 10 major car insurance brands we looked at include a mention of what will happen when someone dies in their policy booklets. Most car insurance policies charge cancellation fees, and in the majority of cases, insurers treat death like any other cancellation.

Seven out of the 10 major insurance brands we looked at do at least have web pages which advise on what to do when someone dies, although not all of them make reference to a refund. Three brands – including Admiral, Axa and Hastings Direct - have nothing at all.

It's a similar picture with mobile phone companies. Of the 10 largest that we looked at, none have any mention on their site or in their terms about how they deal with customers when they have died. In practice, some firms do the right thing – even writing off any outstanding debt on handsets. But the picture is mixed and there are no fixed standards.

CONCLUSIONS AND RECOMMENDATIONS

The process of closing accounts and reconciling someone's affairs when they die is unnecessarily difficult. And there remain no laws or regulations to determine how quick companies must act, and when they have to stop charging.

In many cases, it remains to firms' commercial advantage to provide a poor service when someone dies – allowing them to continue charging until they have been supplied with all the information they have requested.

The long-term answer to these problems must be digital – and the conclusion of the work that Sir David Varney started in 2006. However, in the short run, there is more each service industry could be doing to ensure customers are treated with respect and processes are streamlined.

Fairer Finance is supportive of the Bereavement Standard launched by Settld in 2020, and our report makes 5 recommendations which support and build on those asks.

1. Government should urgently begin work on creating digital death certificates, which would enable customers to easily provide proof of death without having to phone or post proof. This should include interim digital death certificates for those families who are awaiting outcomes from a coroner.
2. As part of its work to create digital death certificates, the government should follow through on the recommendations of the Varney report, providing consumers with digital identities which facilitate registration of births and changes of address to be managed digitally. In doing so, it should legislate to require companies to register all accounts against a consumer's digital identity – ensuring no assets are lost in new accounts.
3. The Department of Business, Enterprise & Industrial Strategy should amend the Consumer Rights Act, to include new rules on maximum timescales for account closures and customer refunds after a person's death – backed up by enforcement penalties for non-compliance.
4. The key service regulators – the Financial Conduct Authority, Ofwat, Ofcom and Ofgem – should introduce new regulations to prevent firms from charging any more than their costs after a customer dies, including an outright ban on cancellation and account closure fees. This should include a requirement that firms refund charges in excess of costs back to the date of death if notification is delayed.
5. As legislation and regulation will take time to come to fruition, service industry trade bodies should encourage firms to sign up to Fairer Finance's Dignity after Death charter.

The Fairer Finance Dignity after Death charter:

1. We commit to allowing customers to notify us of a bereavement digitally or over the phone
2. We commit to requesting the minimum amount of necessary paperwork to verify identities and shut down accounts
3. We commit to shutting down accounts within 48 hours of receiving the necessary documentation
4. We commit to not charging customers for closing accounts
5. We commit to not charging customers after their date of death, other than for irrecoverable costs
6. We commit to having clear information on our website explaining the process for closing accounts when someone dies. This page will be easy for customers to navigate to from our home page.

With the government looking to bring both the funeral market and pre-paid funeral plan market under statutory regulation over the coming years, it is clear there is a growing appreciation of the need to treat the bereaved with respect and dignity. Following through on these modest asks is a logical next step.

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