



BCCC
Banking Code
Compliance Committee

More work to do:

A report on the management of deceased estates

June 2023

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About this report

This report provides the findings of our inquiry into the practices of six banks in managing the estates of deceased customers.

It provides an analysis of compliance with Chapter 45 of the Banking Code of Practice (the Code), which contains obligations for dealing with a deceased customer's accounts and the representatives who need to manage them. The report also contains examples from banks of good practices and performance.

The report is based on the responses of the six banks subject to the inquiry. These banks responded to two BCCC information requests in November 2021 and June 2022, respectively. These banks also undertook audits of their compliance with Chapter 45 obligations between 1 July 2019 and 28 February 2022, which were provided to the BCCC between June and September 2022. The audit responses set out the actions banks were taking to rectify systemic issues uncovered by their audits, with some banks proactively updating the BCCC on the progress of their rectification actions through follow up correspondence.

The report also draws from other sources, including surveys of customers and representatives and self-reported breaches of the Code.

The consumer surveys comprise a self-selected sample and may not reflect the entire customer experience. However, the information from the surveys provides important context for the widespread issues with compliance that we identified.

While the inquiry did not include data and information from all 18 banks that subscribe to the Code, it included all four major banks as well as two other banks. It was therefore extensive and provides a comprehensive overview with findings that are very likely relevant to all banks that subscribe to the Code.

Background

In November 2019, we published a [Transition Inquiry Report](#) which found that many banks did not have adequate systems and processes to meet new obligations under Chapter 45 of the Code.

Consistent with information from Code breaches, our Transition Inquiry found many deceased estates were being mismanaged. In response, we established this inquiry on the management of deceased estates.

We asked banks to conduct audits of their processes and requested information about their approaches to compliance with the Chapter 45 obligations.

To supplement the information we received from banks, we conducted surveys of customers and representatives which asked about banks' management of deceased estates.

This report will help banks improve their practices and pursue better compliance with Code obligations, which will produce better outcomes for representatives of deceased customers.

Chapter 45 of the Code: Helping with Deceased Estates

Deceased's representatives

189. We will treat the deceased person's representative with respect and compassion and provide clear and accessible information on what you, the deceased's representative, can do to manage a customer's account in the event of their death. This information will include:

- a) how to notify us of a customer's death;
- b) who has authority to access the customer's account or loan details;
- c) what information we need to verify the identity and authority of that person; and
- d) what steps the person authorised needs to take to manage the deceased customer's accounts, including information about direct debits and recurring payments on those accounts, and we will assist you to manage direct debits and recurring payments in the ways outlined in Chapter 34.

190. Once notified of a customer's death we will:

- a) identify any fees that are for products and services that can no longer be provided, or will not be provided to the deceased's estate;
- b) stop charging those fees;
- c) if any fees referred to in paragraph (a) have already been charged since the customer's death – refund those fees; and
- d) act on instructions concerning a deceased's account from a person named in a grant of probate or letters of administration within 14 days of receiving the necessary information.

191. Prior to probate or letters of administration being granted, if we receive a request from a person authorised by a will, a person identified as a next of kin in the death certificate or other official document acceptable to us, or a person who has applied for letters of administration, and on providing a copy of the death certificate, we will, within 14 days of receiving the necessary information:

- a) provide access to information about the deceased's account including relevant ongoing fees; and
- b) receive payment towards a debt owed to us by the deceased.

Joint accounts

192. If you are a joint account holder with a deceased customer, you may continue to operate the account subject to the terms and conditions of the account.

Chair's message

Managing the affairs of a loved one who has passed away is difficult. It is often an extensive task weighed down by unnecessary administrative and procedural complexity.

In recognising this, banks made commitments in Chapter 45 of the Code to help with deceased estates.

Unfortunately, our inquiry found widespread poor practices and non-compliance with obligations in the Code, which contributed to the difficulty of managing a deceased estate.

While there were instances of good practice, and the issues varied across the banks, we found inadequate systems, processes and procedures which made a difficult time worse for the bereaved.

Most banks subject to the inquiry were charging fees for services no longer provided on deceased estates, and delays in responding to requests or acting on instructions from people managing a deceased estate were too common. As a result of these poor practices, many customers perceived a lack of respect and compassion from their bank at a time when they needed it to be understanding, flexible and responsive.

Banks have shown, however, that they want to improve and are working towards better practices. While it has taken too long, we have seen plans to rectify flawed systems, efforts to redesign procedures and a renewed focus on staff training. We expect these plans to give rise to better outcomes, and we will monitor their implementation closely.

Our inquiry has shown that a range of improvements are crucial if banks are to achieve better results for customers. We have outlined these in a series of recommendations.

All banks need to consider these recommendations and look closely at their systems and processes to identify the areas that need addressing. We expect banks to understand their obligations under the Code and to ensure their management of deceased estates is fully compliant within 18 months.



Ian Govey AM

Independent Chair of the Banking Code Compliance Committee

Key observations

Our inquiry found poor practices as well as serious and systemic non-compliance with the obligations in the Code for managing deceased estates.

The poor practices and non-compliance we identified fell into three categories:

1. Fees and charges for services no longer provided

Banks continuing to apply fees and charges to accounts of deceased customers despite being notified of their passing.

2. Failing to act within timeframes

Banks failing to act on requests or instructions within the obligatory 14 days of receiving notifications or information.

3. Lack of respect and compassion

Banks failing to treat representatives and family of deceased customers with the respect and compassion expected in the circumstances.

The inclusion of obligations for deceased estates in the Code was quickly followed by findings from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in 2019. The Royal Commission admonished banks for conduct relating to charging ongoing financial advice fees without services being delivered, including to deceased estates.

While the banks we examined have since made efforts to improve practices in a range of areas, with some positive developments and outcomes, persistent failings undermined progress and led to poor outcomes for consumers.

Our inquiry found that the nature and extent of non-compliance varied across the banks, with some demonstrating better practices than others.

Although the banks were aware of some instances of non-compliance – and were working on rectifying them – it appears that some banks had been unaware of certain issues until our inquiry.

There were failures to identify and stop fees on deceased estates, highlighting serious issues with systems and processes. Although some banks exhibited reasonable controls, in too many cases they relied on inadequate processes to identify and stop fees on deceased estates.

Failing to identify, stop, and then refund fees created unnecessary financial burdens and administrative difficulties for representatives of deceased customers, at times exacerbating the emotional distress of family members.

Our inquiry found that some banks failed to act on instructions or requests from representatives of deceased customers within the required timeframes too often. There were multiple instances of extensive delays in contacting representatives, acting on requests or instructions, and referring notifications.

Fragmented systems combined with inconsistent processes and approaches contributed to delays, as did errors on the part of staff. The delays led to administrative difficulties, financial burdens, and frustration for the representatives of deceased customers.

Inflexibility when following procedures was an issue that emerged in many banks. When customers needed understanding, the banks too often enforced a rigid interpretation of procedural steps, resulting in customers being burdened with unnecessary administrative tasks and bureaucracy.

Underpinning many of these issues was a concerning lack of guidance, support and training for staff. In all the banks we examined, we found instances of process documents and guidance material lacking key information and details. Adding to this was training that often failed to consider the specific needs of the people dealing with deceased estates.

A major concern from consumer groups was the treatment of the representatives of deceased customers. Our inquiry revealed reports of banks failing to treat people with the care and compassion warranted by their circumstances. While the banks make efforts to address customer vulnerability in other service areas, this was often absent in dealing with the representatives of deceased customers.

Inconsistent and onerous identification requirements, as well as varying processes for death certificates, also featured in feedback from consumer groups. These caused administrative burdens and delays that added to the difficulty for representatives.

These poor practices, and instances of non-compliance from the banks in managing deceased estates can have long-lasting effects on customers. They lead to a loss of trust and goodwill, damaging the relationship with customers and, in turn, the reputation of the industry.

While the customer experience is of central concern, these issues result in preventable financial and administrative burdens for a bank as well. Good practices, supported by appropriate systems and processes, not only work to ensure compliance with obligations, but they also help maintain an efficiency and effectiveness that leads to better outcomes for banks and customers alike.

Although the banks we examined are making efforts to rectify issues, our findings indicate that much more work is needed to meet the standards expected by the Code and the community.

We have commenced investigations into three banks for the potential serious and systemic breaches of the Code we identified during this inquiry.

Underlying issues

Across the three main areas of poor practice and non-compliance, our inquiry found common underlying issues.

Systems and processes

While there were instances of systems and processes working well, we found flaws – in both automated and manual systems and processes – that contributed to poor outcomes and breaches of the Code.

Fragmentation

Fragmented systems within banks were common. The process for managing a deceased estate was often spread across multiple teams and departments, many of which followed different procedures.

Monitoring and accountability

General monitoring and oversight of the processes for managing a deceased estate, as well as quality assurance, were inadequate in most of the banks we examined. This left a deficit in accountability that contributed to poor practices and non-compliance.

Staff training and capability

While there was considerable variation in the issues between the banks, instances of staff errors, as well as reports from consumer groups of poor service, highlighted problems with training and guidance in dealing with deceased estates in all the banks we examined.

Our inquiry found a lack of formal training on Code obligations that relate to deceased estates and a heavy reliance on 'on-the-job learning'.

The response from the banks

The banks cooperated with our inquiry and proactively included information on rectification actions and improvements in response to issues and non-compliance with Code obligations within their audit reports. Some banks also provided greater detail on their rectification actions after the audit. Some also responded with explanations or contextual information for our findings.

A few banks noted that some of the incidents we found were exceptions and did not reflect the broader effectiveness and success of their current systems and processes. While they recognised the poor practices and non-compliance with the Code that the inquiry identified, they viewed many of these instances as aberrations rather than the norm.

On the specific issue of fees being charged for services no longer provided on deceased estates, banks committed to rectifying the issues and had plans in place to improve processes. Some banks were aware of the issues before our inquiry and had already begun comprehensive improvements and remediation programs.

However, given the time since the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry – of which fees for no service, in the context of failure to provide personal financial advice, was a key focus – and the findings of our inquiry, this action has been slow and inconsistent.

Many banks were on notice of the harm caused by [fees for no service from ASIC's investigations into financial advice misconduct](#) in 2015. ASIC reported that, at the end of 2022, [banks and financial institutions had provided over \\$4.7 billion in compensation](#) under remediation programs for loss or detriment due to financial advice misconduct.

Charging fees, including to people known to have died, was a key focus of the second-round hearings on financial advice at the Royal Commission in 2018.

In addressing the finding that some representatives of deceased customers were treated without respect or compassion, the banks reported having extensive processes and systems to ensure staff would treat people appropriately and be able to properly inform and support them.

There have been major improvement initiatives from banks in recent years. We have seen efforts to centralise and improve workflow systems, to simplify processes and procedures, and to enhance training. Underpinning these efforts is a renewed focus on increasing awareness and understanding of the Code obligations for managing deceased estates.

Recommendations

To ensure compliance with the Code, banks must consider and, where necessary, implement the following recommendations:

- 1.** Ensure systems and processes, across all business units and subsidiary brands, provide a comprehensive view of each customer.
- 2.** Ensure systems and processes accurately identify the suite of products and services, including legacy products, of a deceased estate.
- 3.** Have a documented end-to-end quality assurance and control system that covers each part of the process of managing deceased estates.
- 4.** Have rigorous quality assurance in place to make sure that all relevant fees and charges are identified before a matter is closed.
- 5.** Ensure front-line staff and members of any deceased estates team are trained to communicate with the sensitivity, respect and compassion required for representatives of deceased customers.
- 6.** Review and analyse delays to requests for information or instructions from representatives of deceased customers to understand their root causes and work on improvements.
- 7.** Accept a broad range of identity documents to verify representatives of deceased customers in line with [AUSTRAC guidance on flexible approaches to identity verification](#).
- 8.** Ensure systems support effective record-keeping, including records on requests for information and instructions from representatives of deceased customers.
- 9.** Ensure the information provided to representatives of deceased customers is clear and accessible, and the process for managing a deceased estate is as easy to navigate as possible.

We expect banks that were not subject to this inquiry to examine the overall management of deceased estates as part of audit programs within 18 months.



The findings

Fees for services no longer provided

We found instances in all six banks subject to this Inquiry of fees being charged on the accounts of deceased customers. However, the scale and proportion of these compared to each bank's total portfolio of deceased estate matters varied.

The Code requires banks to:

- identify fees that are for products and services that can no longer be provided, or will not be provided to a deceased person's estate
- stop charging those fees, and
- refund fees that had already been charged since the customer's death.

The obligation to stop charging fees is not a blanket prohibition on all fees but rather on fees for services that cannot be, or will no longer be, provided to a customer after their death. Certain fees, such as fees for specific services provided to a deceased customer's accounts after death, or event driven fees for events that occur after a customer's death, may still be charged.

» We reviewed six banks and their audit findings from between 1 July 2019 and 28 February 2022.

While the extent varied across the banks we examined, we found that most banks had issues identifying fees that were being charged, as well as stopping the fees when they were identified and issuing refunds.

This included a wide range of fees associated with credit cards, personal loans, home loans, and other products across various account types.

Inadequate systems and processes

The automated systems and processes that most of the banks relied on too often failed to identify and stop certain fees.

Three of the four major banks use automated processes to stop account fees.

We found that in two of the three banks that used automation to detect fees, the systems did not account for all elements of a deceased estate. The issues were particularly prevalent when the estate involved multiple accounts, niche products or legacy products no longer offered.

Many deceased estates comprise multiple accounts across retail and business banking product lines, which can create a complex customer profile.

» In one bank, we found that the automated process did not identify all accounts owned by a deceased customer if they had more than one customer profile in the system.

In many cases, the systems were not designed to service the estates they were being used for.

This left gaps in the capacity of the systems to identify the fees being charged. If, due to their design and implementation, a system cannot identify certain fees, it will not stop them nor begin the process for issuing refunds if needed.

The volume of deceased estates added to the difficulties, with one bank noting that it deals with more than 40,000 deceased estates annually. Many of these estates hold multiple accounts and products across different bank brands.

In four of the six banks reviewed, we found multiple instances of deceased estates being charged fees for services no longer provided as a consequence of system inadequacies.

» In one bank, a particular type of fee was not identified and captured by the automated control in 88% of the files sampled. Consequently, the fee was charged and not refunded in multiple cases.

This placed extra financial and administrative burdens on the representatives of deceased customers. We found cases in which delays rectifying errors caused by inadequate systems and processes created administrative burdens long after the deceased estate had been wound up and all activity finalised.

While using automation is important in delivering efficient services at great scale, the design of systems, including aspects of quality assurance, is critical. The failings of automated systems and processes also contributed to inefficiencies by demanding extra manual intervention on the part of staff.

“Generally, banks stop fees when notified. But it is very annoying when they discover fees and try to refund them years after the customer’s death, when the estate has been wound up. And just sending a cheque is bad enough; but when they want forms filled in to put the money into an account, it is a ridiculous level of hassle for small amounts of money.”

Quote from survey of customers and representatives

» In one bank, a failure in automated fee controls was confirmed to impact 1,382 customers.

» In one bank, 10% of the files we reviewed showed that fees and charges continued after the bank had been notified of each customer’s death.

Banks should regularly review the systems they use to identify, stop and refund fees and charges to ensure key elements of the process are not routinely being missed.

Trouble identifying fees and a lack of guidance

A lack of clear definitions of fees in training and guidance materials proved a critical shortcoming for most banks in the overall management of deceased estates.

In four of the six banks reviewed, we found examples of staff being unsure about the specific fees that applied to accounts and whether they needed to be stopped and refunded. On some occasions it was unclear whether staff were sure of the process for refunding fees to begin with.

» In one bank, the training material did not clearly state the fees that needed to be reversed.

We found a strong reliance on the experience and understanding of staff to identify fees and carry out manual checks. It was common for the process documentation and guidance not being specific enough to deceased estates, with two banks in particular providing training materials that were unclear.

» In one bank, the process documents we reviewed did not provide detailed guidance on the products and services that a deceased customer may hold and the fees and charges that may apply to them.

In some banks, the procedures lacked detail, missed crucial elements of the process, or did not provide definitions of specific fees. While this may not have been a major problem for experienced staff with a deep understanding of the requirements and processes, it was an issue for less experienced staff or staff in training.

This is not a practice that can sustain long-term compliance with the Code and good outcomes for the representatives of deceased customers.

» One bank revealed a lack of central documentation for the process of managing a deceased estate. It relied heavily on the knowledge and experience of individual staff members.

Staff need sufficient guidance and support – including clear definitions – to conduct manual checks to ensure fees have been identified and stopped.

In two banks, we also found issues with guidance that was excessive and overly complex. This failed to provide clear and practical guidance for staff.

It led to a reliance on the experience and knowledge of individual staff members, which contributed to errors identifying, stopping and refunding fees.

» At one bank, crucial gaps in the breakdown of individual fee and product types in its process documentation made it difficult for staff to identify fees charged in error.

Banks must ensure that the procedures to manually identify, stop and refund fees adequately address the specifics of a deceased estate, and provide clear guidance to staff.

Multiple teams and quality assurance failures

Our inquiry found that four of the six banks had issues with multiple teams or departments managing different aspects of a deceased estate, as well as the quality assurance processes involved.

In all banks, the responsibilities for managing a deceased estate in its entirety were spread across multiple teams or departments. In half of the banks we reviewed, teams and departments were using different systems, and were not able to share information easily.

» In 21% of files from one bank, we could not find evidence that it had complied with the requirement to stop and refund fees. The bank cited fragmentation of workflow systems and processes as the underlying cause.

This made the necessary transferring of information between areas of the bank difficult, leaving the whole process susceptible to errors and delays.

The use of different systems also contributed to gaps in data analysis within areas of the bank as teams and departments often did not have full views of deceased estates.

» Gaps in data analysis by the deceased estates team in one bank led to issues identifying fees to be refunded. The bank identified complexity in customer data due to fragmentation of products across multiple core systems as the root cause.

Importantly, it added a layer of complexity to processes of quality assurance.

» In one bank, the audit could not confirm whether fees had been stopped in 33% of the files. It also could not confirm whether fees had been refunded in 48% of files.

» While in one bank, each team had their own internal process for handling notifications and information from representatives of deceased customers, it also had no overarching procedure for information-handling and guidance for relevant points of transfer between teams.

With responsibilities spread across multiple teams, banks face an increased risk of fees being missed and charged incorrectly.

To mitigate this, banks must ensure any disparate systems and processes by which they manage a deceased estate can share information readily, facilitate data analysis across teams and departments and facilitate comprehensive quality assurance.

Examples of good practice

Among the instances of poor practice and non-compliance, our inquiry found good practices that demonstrate a commitment to improve and ensure compliant services and better outcomes for customers.

Exception reports

We found that some banks used exception reports to good effect. These are regular reports produced by the bank's compliance monitoring function that identify when the account of a deceased customer has been processed with a potential breach of the Code or the bank's policy that was not caught by initial controls.

» One bank generates exception reports on fee refunds and reviews them every two weeks.

Our inquiry found that some banks were able to use exception reports to identify fees on an account that should be stopped or refunded. These were effective where the initial processing failed to detect a fee that should have been stopped. The exception report was able to notify staff of the failure, instigating a review of the account.

» One bank generates exception reports and reviews them each day.

Clear and comprehensive materials

Despite our concerns about the general lack of comprehensive training materials and process documents, there were examples of good materials in some banks.

» One bank had training material that clearly set out the specific fees that staff had to refund.

Good training materials and process documents were specifically tailored to managing a deceased estate and offered staff clear guidelines on the types of fees that would need to be stopped and, potentially, refunded.

These materials supported less experienced staff and reduced reliance on staff experience and knowledge. They worked to create consistency within the relevant team or department and helped mitigate the risks of errors.

Multiple checks in quality assurance process

We found evidence of multiple checks being used in the quality assurance process to ensure fees were identified and stopped.

- » One bank ensures each deceased estate is reviewed and checked by fellow team members twice before it is finalised: once before sending the statement of position letter and once before sending the finalisation letter. Both checks include controls to confirm that fees had been stopped and refunded.

While these checks added more time to the process of an individual matter, they minimised errors and reduced long-term handling times.

Implementing multiple checks formed a crucial first-line monitoring control which provided valuable compliance verification and quality assurance while a matter was being managed. This was preferable to retrospective monitoring controls that discovered issues after they had occurred.



CASE STUDY

Difficulties with fragmented systems and processes

Fragmented systems and processes were at the heart of issues with identifying and stopping fees for one bank.

There was significant complexity across the bank with each brand offering its own unique products and services. This resulted in various separate systems, processes and operating structures, as well as different technologies for IT systems.

The bank relied on at least two different workflow tools to manage deceased estates, and the tools did not share information. This necessitated significant manual processes to manage, and these were not well supported by guidance materials.

There was a heavy reliance on staff knowledge and experience to ensure deceased estates were managed well.

» For some work, the bank also relied on third-party service providers. And, crucially, it lacked appropriate formal oversight of the third party's processes and workflows.

This created a complex interaction of various teams, departments and service providers that made full oversight of processes challenging. While at specific points, the bank was able to demonstrate controls, the disparate nature of the whole process for managing a deceased estate meant that it was at increased risk of failing to identify fees, stop them, or issue swift refunds.

The bank has since made efforts to centralise its processes in a new centralised deceased estates team. It has also committed to creating a new training module on deceased estates processes and move all teams onto a single workflow tool for deceased estates.

While the proposed measures are encouraging, their efficacy will need to be tested.

The bank demonstrated key structural issues and the specific roles and responsibilities of the proposed centralised deceased estates team are unclear.

The broader rollout of the single workflow tool across teams will likely need improvements to ensure it can adequately record and monitor key activities throughout the deceased estates workflow without reliance on manual notes left by staff.

Failing to act within timeframes

Our inquiry found that too often the banks failed to meet timeframes when responding to requests for information or action on a deceased customer's account.

The Code requires banks to provide access to information about a deceased customer's accounts to an eligible person and to act on instructions from a representative within 14 days once the representative has provided necessary information.

» In one bank, 25% of the files reviewed revealed failures to act on instructions or respond to requests within the 14-day timeframe.

Through a combination of factors, including insufficient controls, a lack of comprehensive quality assurance, and trouble identifying legitimate representatives, the banks we examined demonstrated non-compliance to varying degrees with these Code obligations.

In half of the banks we reviewed, process and systems failures allowed many files to go without a response for several weeks.

“Some banks are taking eight weeks to reply to the first letter requesting details of the deceased account.”

Quote from survey of customers and representatives

Lack of controls

We found that none of the banks we reviewed had sufficient controls in place to ensure they were responding to requests or acting on instructions within 14 days of notification.

In four of the six banks, the systems to manage the workflows of deceased estates did not adequately track how long a request had remained without response or action.

“The process took so long. Once I provided the information, I didn't hear back from anyone and had to keep following up. Also, several people handled the estate instead of just one person.”

Quote from survey of customers and representatives

» One bank cited different documented standards in different teams as the reason for a lack of control on timeframes for deceased estates.

We also found insufficient systematic reporting of performance against timeframe requirements.

The audits of files and notes revealed instances in all banks where timeframes were not recorded, making it difficult to track and determine compliance with the 14-day timeframe set out in the Code obligation.

- » In one bank, 22 of 50 files reviewed could not demonstrate evidence that the bank had complied with the Code obligation for responding to a request for account information from an eligible person within 14 days.

When timelines were monitored, it was common for responsibilities to fall to managers and team leaders who then conducted manual checks to validate compliance with obligations.

While such practices offered some control, we found in some banks these practices were not formalised in process and procedure documents and appeared to be conducted as needed.

- » At one bank, the workflow system used by the deceased estates team did not count the time since instructions were received. Team leaders perform ad hoc monitoring over daily matters to validate compliance with the 14-day timeframe.

We observed a lack of formal controls in routine information sharing within some banks.

But because deceased estates were managed across a bank by several teams and departments, seamlessly sharing information was crucial to timely responses and action.

- » At one bank, there was no control in the deceased estates team to ensure that they acted on requests within 14 days of receiving the necessary information. And outside the deceased estates team, no controls existed to ensure relevant matters were referred to the deceased estates team.

In five of the six banks reviewed, we found instances of teams and departments using their own processes without clear views of the duration of a request or an instruction.

In such cases, a referral or notification may have been new to a specific team or department, but often it was part of an older request that had been received somewhere else in the bank.

- » At one bank, the workflow system recorded the date that the deceased estates team received documents rather than the date a customer's representative provided them to the bank. This contributed to delays.

The banks with a lack of oversight of the whole process and controls to manage its timeframes could regularly exceed the required response times with staff unaware.

Data management

We found that errors in data and information resulted in systems failing to make crucial referrals or issue notifications.

- » One bank had no bank-wide notifications, including for instructions and information requests, for 319 deceased customers' accounts over a three-year period.

All the banks we examined relied on multiple teams and departments to manage a deceased estate, and internal referrals and notifications were imperative for a timely process.

However, we found instances in all banks of processes not capturing all necessary information, data not being entered into systems correctly, and important information missing from systems and files. The scale and proportion of these compared to each bank's total portfolio of deceased estate cases varied.

- » The system used by a subsidiary of a bank failed to collect key information about a deceased customer, including the date of death.

These poor practices in data management meant that referrals and notifications, whether automated or manual, did not always occur, which contributed to delays in responses and action.

While system limitations contributed to the issues, we found that staff practices, and the lack of controls embedded in the processes they follow, were a major factor.

- » In one bank, the team responsible for deceased estates did not have a formal requirement for team members to record notes and actions from phone calls with representatives in the workflow system.

In five of the six banks reviewed, we found instances of staff not making referrals to the appropriate teams or departments in a timely manner, not recording details of interactions with customer representatives and failing to correctly enter data.

Accepting that human error will always be a risk in any process, banks should implement strong controls at important steps in the process to intervene before an error is made.

We found the controls to manage data and information were insufficient in the banks we reviewed and, ultimately, a contributing factor in failures to meet timeframes.

- » One bank attributed multiple failures to meet timeframes to front-line teams not passing information to the deceased estates team in a timely manner.

Again, a lack of comprehensive guidance materials and training in some banks resulted in significant reliance on staff experience and knowledge to ensure data and information was managed well and referrals and notifications were timely.

“Bank staff seemed confused about the correct process. I was told different things by different people.”

Quote from survey of customers and representatives

When reviewing the types of errors that led to delays, we found that many stemmed from staff being unfamiliar with the processes or systems involved.

Based on our assessment of materials provided to us, it appeared that no bank had a consistent process for recording whether and when a deceased customer’s representative requested account information, and what information they requested.

Similar to the issues with correctly identifying fees, clear and comprehensive guidelines that support staff provide an important tool to mitigate errors. Implementing a consistent approach across the various teams and departments involved in a bank’s deceased estates process ensures a stronger control against errors and their effects.

Identifying eligible people

The banks we reviewed generally had trouble identifying whether the people contacting them about a deceased estate were eligible to speak on behalf of the estate. While the severity of the issue varied across the banks, it did contribute to delays in responding to requests and acting on instructions.

We found the documented processes and procedures in many banks were not comprehensive and lacked important information to guide staff. Crucially, in these banks, there was a lack of guidance and support for reading estate documents.

» In one bank, the next of kin hierarchy listed in the relevant procedure documents differed from that of other banks and did not fit with the administration laws of most states and territories.

In four of the banks we reviewed, the process documents provided to us, that staff relied on, were not clear on the precise requirements to prove an eligible person’s identity. It was unclear what documents a person needed to provide, whether they had to provide originals or certified copies, and whether the bank would accept digital copies.

“I was told a certified copy of the will was acceptable. But when I took it in to the branch, I was told that it wasn’t acceptable – that I needed the original will! I had to go into the bank several times because they kept asking for more documentation needed to close accounts.”

Quote from survey of customers and representatives

We found that five of the six banks reviewed had minimal or no formal controls in place to ensure their customer-facing channels would transfer queries about deceased estates to the deceased estate team or department, established to specialise in deceased estates and reduce the risk of these type of issues occurring.

- » Process documentation from one bank failed to explain whether it would accept instructions or requests for information from a solicitor acting for the next of kin named in a customer's death certificate. The documentation is limited to noting the bank will deal with a solicitor acting on behalf of the surviving holder of a joint account.

Difficulty identifying eligible people created an added layer of bureaucracy that often resulted in the banks asking for excessive documentation from representatives of deceased customers.

“In some cases, banks would not accept probate and insisted on a Death Certificate as well. You cannot get probate without a Death Certificate so why insist on that?”

Quote from survey of customers and representatives

Our inquiry found instances of staff addressing uncertainty about identification requirements with demands for more documentation than necessary. Not only did this add to the administrative burden and the time needed to manage an estate, but it also added multiple interactions with the bank which increased the risk of delays in responses and action.

There were several reports from consumer groups of banks insisting on original copies of certain documents for which certified copies would ordinarily suffice.

Such inflexibility had ramifications for representatives of deceased customers beyond the bank as it required engaging with other institutions and agencies to obtain documents.

- » In one bank, staff could certify identification documents at a branch. But the process documentation for branch staff did not clearly explain if they could accept identification documents that were certified outside the branch. This created ambiguity in the instructions to staff, as the bank's policy is that branch staff can accept any certified copy of a document.

Inevitably, this contributed to delays and, due to the time it took representatives to access funds from a deceased estate, risked people falling into financial difficulty.

Adding to this was inconsistency. We found multiple instances of representatives being given different instructions from different areas of the same bank.

Examples of good practice

Our inquiry found examples of good practices that supported compliance with the required timeframes.

Centralised search tool

One bank implemented a centralised search tool with in-built exception reporting to make it easier and quicker to find account details of deceased customers.

A step towards mitigating the issues that arise with fragmented systems and processes, this tool can be used across multiple teams and departments and has significantly reduced the time it takes staff to access information.

Enabling staff to find information more quickly has helped improve response times, promoting better outcomes and compliance with Code obligations.

Exception reports

One bank uses daily and weekly exception reporting within its deceased estates team to track response times and ensure matters do not fall outside the 14-day timeframe.

While the exception reporting has proven to be an effective tool to monitor timeliness within the deceased estates team, it would offer greater benefit if it was to be implemented across the bank more widely.

As fragmentation of systems and processes is one of the fundamental issues with managing deceased estates, taking good practices and applying them to other relevant areas across the bank would have significant benefits.

An intermediary function within the deceased estates team

To help mitigate the effects of fragmented systems and processes, one bank introduced an intermediary function within their deceased estates team that works with the deceased estates team, product teams, and customer representatives to monitor processes and ensure timely responses.

With central oversight of the various processes of a deceased estate commonly lacking, the intermediary function is a useful solution. By having a wider view of the whole process, the intermediary function works to ensure the bank consistently meets Code obligations for timely responses and action.

However, the success of such an initiative rests on effective monitoring, reporting and clear communication and information sharing.



CASE STUDY

Limited controls

With the desire to improve timely responses, and to improve compliance with Code obligations, one bank implemented a control to ensure it met the 14-day requirement.

This control consisted of automated notifications based on a 14-day countdown that prompted staff to complete certain actions within relevant timeframes.

It also generated an exception report when a response letter was not issued within 10 calendar days of receiving a request from the representative of a deceased customer.

» The control fits within the team's processes seamlessly and worked to good effect. The bank saw improvements within the deceased estates team with an increase in response times that complied with the Code obligation.

However, the control was only implemented in the deceased estates team and its use did not extend to other teams. While the control brought success in improvements to the deceased estates team, its efficacy was curtailed somewhat when work on a deceased estate required input from other teams.

An overarching view of the processes of managing a deceased estate may have led to a more integrated control that effected better response times in more cases. It is important that banks consider their processes and potential fragmentation when designing solutions to ensure more timely responses.

Failing to show respect and compassion

While in most cases bank staff treat representatives of deceased customers with respect and compassion, our inquiry found numerous instances in which they did not.

We heard of reports of banks not treating representatives of deceased customers with the compassion ordinarily expected in their circumstances.

The Code contains obligations for when banks receive notification of the death of a customer. These include an obligation to treat a deceased customer's representative with respect and compassion and to provide clear and accessible information on what the representative can do to manage the customer's accounts.

Banks also have obligations under the Code to engage with customers in a fair, reasonable and ethical manner, and to provide extra care to customers experiencing vulnerability. This applies to the representatives of deceased customers.

The representatives of deceased customers may be experiencing vulnerability as a result of the customer's death, such as financial difficulty caused by cancelled credit cards or sudden funeral expenses.

A failure to identify such issues and support representatives with the extra care afforded to customers in vulnerable circumstances could lead to detrimental effects.

In surveys of customers and consumer representatives, we asked for feedback that demonstrated good practices as well as areas for improvement. We recognise that the surveys may not represent the entire customer experience.

“Everything about the bank was painstakingly antiquated. They wanted original documents for everything but had no memory of receiving them. They also lost paperwork and demanded original copies again! There should be a once-off identification requirement only. If you can lodge income tax returns electronically, you should be able to identify yourself electronically too. Once identified, the process should be friendly and not add to the difficulty of the bereaved.”

Quote from survey of customers and representatives

This section presents the findings of the surveys and engagement with customers and consumer groups, as well as information from the banks subject to the inquiry.

Failing to refer notifications and documents

We found instances of staff failing to refer notifications and documents to appropriate areas of a bank in a timely manner.

Most of the banks reported that a significant portion of notifications were received by front-line business units, and some confirmed they received the majority of notifications this way.

When staff failed to refer notifications and documents in a timely manner, it contributed to a perception that banks were not treating representatives with sufficient respect and compassion.

- » In one bank, some notifications from the Australian Death Notification Service and from its own customer contact centre required manual entry into the workflow system of the bank's deceased estates function, which risked errors being made.

Failing to refer notifications and documents in a timely manner added to the difficulties representatives of deceased customers faced in managing estates.

When such failures occurred, it forced representatives of deceased customers to contact the bank for progress and updates, increasing the time spent trying to complete administrative tasks. The delays also risk contributing to financial difficulty for many representatives.

Winding up a deceased estate efficiently is often financially significant, especially when people rely on funds from the estate to pay for funeral and other expenses.

- » At one bank, the deceased estates team relied on branches to lodge a service request with the bereavement team for a customer death notification. If this step was missed, the only way for the deceased estates team to identify referrals from branches was to manually check that a date of death had been included on a customer's profile. This was an indirect compliance control that relied on manual data entry, usually from the same branch staff member responsible for lodging the service request, risking referrals being undetected.

In the banks that revealed such issues, a primary cause was the widespread lack of controls to ensure timely referrals from customer-facing channels, such as the call centre, front-line staff or online communication channels.

- » At one bank, no control was in place across multiple customer-facing channels to ensure that documents were referred to the deceased estates team in a timely manner. Each channel had its own isolated referral process.

We found that there was not only a lack of control on timeliness; in most banks there were minimal checks on data entry of front-line staff. And, importantly, we often found no second-line monitoring in these banks to capture errors and issues from the initial entry.

- » In one bank, the control relied on front-line staff manually entering relevant information into the bank's systems. But there was no second-line monitoring of controls or any formal or structured training on deceased estates processes for front-line staff.

A lack of communication

Exacerbating the frustration for representatives was a lack of communication when matters were delayed. We found many banks did not have formal processes to guide proactive communication with representatives.

Customer and consumer representative feedback identified poor communication and lack of support from staff as the most common issues experienced by the representatives of deceased customers.

This finding is reinforced by reporting submitted by banks on their internal complaints data. Reporting from banks indicates a large proportion of the complaints they received from individuals about deceased estates related to the failure of staff to treat them in a respectful or compassionate manner or to understand and support their needs.

“Two banks I dealt with both lost documentation and then made me stand at the enquiry counter and recount every detail of my child’s death with other people in the queue. And I had to then deal with the deceased estates team in another state, making contact almost impossible with the time difference.”

Quote from survey of customers and representatives

» For one bank, 14% of complaints in the sample of files reviewed related to identification policies and processing times. At another bank, 22% of complaints in the sample of files related to issues with service quality, most of which were about identification and delays.

In five of the six banks we reviewed, staff lacked sufficient training in the specific needs of deceased estates and dealing with bereaved. In many cases, the communication could have been better tailored to suit the difficult circumstances of the bereaved person.

Insufficient guidance and training were at the heart of these issues. In most of the banks, staff in front-line customer service roles had not received specialist training, and in some banks these staff were not supported by tailored scripting to help them manage communication more effectively.

However, it was not only the lack of proactive communication on delays and the style of communication during an interaction that caused issues for representatives of deceased customers.

“Most banks were compassionate. However, one bank kept referring to my deceased spouse as a ‘case’. When I remarked that I found this disrespectful, the operator had no idea why I would. I complained about it and received an apology, but anyone working in a team that deals with deceased estates should receive adequate training before talking to bereaved.”

Quote from survey of customers and representatives

Our inquiry found that the banks often did not provide adequate information to representatives of deceased customers about the process of managing a deceased estate.

On the websites of some of the banks we reviewed, clear instructions about how to notify the bank and comprehensive materials that explain the information and documentation that a representative will need were absent or difficult to find.

In feedback from consumer groups and other stakeholders, we heard that representatives, including loved ones dealing with grief, were often left to work out the process themselves through trial and error involving multiple interactions with the bank.

»» One bank had insufficient information on its website to clearly guide a bereaved person about the way to advise the bank of a customer's death.

We found that some banks used standard template letters that had not been edited to suit the circumstances of a deceased estate. While these letters, for the most part, were accurate and provided the necessary information, they exhibited a lack of empathy on the part of the bank which made representatives of deceased customers feel as though they were not being supported during a difficult time.

The use of standard letter templates without modification also led to instances of some banks providing representatives with incomplete information. We heard reports that this caused administrative hindrances, contributed to delays, and resulted in avoidable stress for representatives.

»» One bank's use of standard template letters led to some instances in which correspondence did not address the representative's specific questions or requests and may have overstated the progress made on matters.

Without formal monitoring of customer interactions with front-line staff, it is difficult for banks to ensure that they are treating representatives of deceased customers with sufficient respect and compassion.

Onerous identification requirements

Our inquiry found that some banks were inflexible with requirements for representatives to provide identification.

Our engagement with customers and consumer advocates revealed multiple complaints related to the difficulty in providing identification.

Despite the circumstances warranting flexibility for the bereaved, many of the banks routinely enforced stringent processes.

“Executors who live in different suburbs were required to attend different branches to sign documents which often got sent to a branch not convenient to the clients.”

Quote from survey of customers and representatives

It was concerning that when banks are increasingly closing branches, some required representatives to attend a branch in person to verify their identity. Many only accept copies of documents in person at a branch or via post.

» One bank's certified copies identification form prompted representatives to attend a branch to submit identification documents. The form advised the only other option for submission, via post, was for exceptional circumstances. This may create confusion, as the bank has the capability to accept certified copies of identification documents via post in all circumstances. The bank does not have a process to facilitate this task online.

All banks have online capabilities and use them to meet 'Know Your Customer' (KYC) requirements, but the ones we reviewed, in most cases, had not applied them effectively for managing a deceased estate.

» One bank has an electronic identification system for customers, but it is not available to representatives who are not customers of the bank.

The lack of alternatives, particularly online options, increases the administrative burden on representatives.

Inevitably, each procedural barrier to completing the necessary administration for a deceased estate adds to the time needed to finalise the estate, increasing the risk of financial difficulty. And, for many, a prolonged period of administration to wind up an estate extends the period of grieving and emotional difficulties.

It is vital that banks improve the process by which representatives interact with the bank to ensure it can be completed swiftly and with minimal administrative burden.

Examples of good practice

In examining how the banks treated representatives, we found examples of good practice.

Using online services

Rather than insisting on physical documentation submitted in person, one bank is working to actively direct more representatives and loved ones to submit notifications of a customer's death via an online notification form or the Australian Death Notification service.

This reduces the administrative burden on representatives and improves the times for processing the details of a deceased estate.

It also makes the service more accessible. Physically attending branches is not always easy or practical for people, particularly with increasing branch closures, and increasing the use and capacity of online services is an important service offering.

Streamlined branch notification procedure

Further, a bank that has well-developed online or phone-based notification functionality can use these channels to improve the process for lodging notifications when a notifier does attend a branch.

Banks can change the standard procedure for branch staff, when presented with someone attempting to notify the bank of a customer's death, to assist them to lodge an online notification or facilitate a three-way phone call with the bank's deceased estates function.

One bank has implemented three-way phone calls as the standard process for lodging customer death notifications at a branch. Such a change gives the notifier assurance that the notification was received by the bank's deceased estates function.

Improved internal notifications

One bank implemented a simple, universal system for front-line staff to lodge customer death notifications with the bank's deceased estates team.

It mitigates the issues with fragmented systems and provides visibility of the notification to the right team. It also uses automated controls which minimise human error and ensures notifications contain all the required information and are not missed.

This simple, but effective, system helps to reduce the unnecessary administrative back-and-forth that caused delays.

By ensuring the notifications at the outset are complete and timely, the system allows the deceased estates team to make meaningful progress on a matter without adding to the administrative burden of a representative.

Tailoring communication

The training in one bank has a focus on the immediate emotional, financial and estate management needs of a deceased customer's loved one.

It guides staff to discuss how the bank can assist with issues such as cancelled credit cards or frozen accounts. These are issues that a loved one is likely to be unfamiliar with but may immediately affect their own finances.

Not only does the training improve the content of the communication, it focuses on the way staff should talk to representatives of deceased customers. It emphasises a more empathetic style, encouraging staff to consider the emotions of the person more.

Using existing online technology

One bank implemented an online notification form and an extension of its KYC function to greatly improve the speed and ease with which they can manage deceased estates.

As much of the technological capacity to verify identities exists and is being used in other areas, it is an efficient use of resources to use it for managing deceased estates.



CASE STUDY

Consumer story of failings

Following the sudden death of his brother, a man visited a branch of a bank in Canberra in December 2021 to notify the bank of his brother's death and to close his accounts. He brought the original death certificate as well as an Australian Capital Territory (ACT) Supreme Court application for letters of administration.

After two months without any contact from the bank the man provided the original grant of letters of administration from the ACT Supreme Court to a branch in Canberra and asked for an update on his brother's estate.

It was then that he was told he had to open an estate account to access his brother's funds. And it was only then that he found out that the branch in Canberra had not referred the notification of his brother's death or the documentation he submitted to the deceased estates team.

The man requested an estate account be opened immediately. On a phone call later that day, a staff member from the deceased estates team promised to call him when the team received the documents from the Canberra branch. But this did not happen.

» After two weeks without any contact from the bank, the man contacted the bank's deceased estates team and spoke to a different staff member who told him that they still had not received the documents from the branches he visited and that no progress had been made on the estate.

Only at this point was he told that he should have been given a 'Release and Indemnity' form to complete for the estate account to be opened. Belatedly, the bank sent him one.

With the 'Release and Indemnity' form was another form: 'Identification by Certified Copy'. However, because the man was also a customer of the bank, he should not have needed to fill this one out too. He called the bank's deceased estates team and they confirmed that he did not need to complete the additional form.

They also told him that opening an estate account was the responsibility of the branch, and they could not do anything on his brother's estate until the account was opened. But when the man visited the branch to submit the completed 'Release and Indemnity' form, he was told the opposite: opening an estate account was the responsibility of the deceased estates team.

Following a phone call between the branch staff and the deceased estates team, he was assured that everything was sorted out.

» After another 10 days without any contact from the bank, the man once again called the deceased estates team for an update. The deceased estates team had not received any documents from the branch in Canberra, even though he was assured everything had been sorted out.

The man then received a call from the branch in Canberra to ask him to come in and sign another document to open the estate account. On arrival at the branch, he was given a 'Release and Indemnity' form – the same type of form he had completed and submitted more than two weeks earlier.

Finally, the bank created the account and the man received access to his brother's funds three months after he first approached the bank.

Conclusion

Despite the obligations in the Code being clear, we found failings from banks in a range of areas.

Given the time banks have had to address issues since the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, which highlighted fees for no service misconduct in the context of failure to provide personal financial advice, this is disappointing and unacceptable.

Had banks made greater efforts to improve systems and processes in recent years, many of these issues could have been avoided.

Underpinning many of the failings were fragmented systems and processes and the complex organisational structures of the banks. Too often, the systems and processes in use across a bank were not integrated and did not facilitate a clear, end-to-end view of managing a deceased estate.

This regularly caused failures of communication and contributed to issues referring information between business units.

The complexity was mirrored in the range of products offered by banks, which created difficulties for staff and automated systems navigating and monitoring a deceased customer's holdings with the bank.

The workflow systems some banks used lacked the capacity to adequately track key metrics for Code compliance, such as timeliness of responses or action. And the controls for key actions were often either not present or were inadequate to ensure effective Code compliance.

The quality assurance processes in most banks revealed considerable gaps. Often monitoring did not take a sufficiently holistic view of the deceased estates process from end to end and failed to keep good outcomes for the representatives of deceased customers at the core.

Contributing significantly to the issues was the training and guidance for staff. In many cases, documentation omitted important details to guide staff and was unclear on procedural requirements for key matters, such as identification of representatives. There was a concerning gap in providing training specific to deceased estates for staff responsible for key steps in the process.

The failings we found indicate that non-compliance with Chapter 45 of the Code stems from structures, systems and processes not designed with effective and efficient support for the representatives of deceased customers as a focus.

Failing to stop fees also creates financial and administrative burdens for a bank. It creates additional work to identify, verify and rectify errors and can contribute to a loss of trust and goodwill among customers, as well as damage to the bank's reputation.

Following the audits undertaken as part of the inquiry, the six banks involved provided details of improvements to rectify the issues found by the audits, either in correspondence with us or within the audit reports they submitted.

The fact that the inquiry's audits identified several systemic issues previously unknown to the relevant bank or not yet addressed by the relevant bank, indicates that for some issues banks have been slow to do the work required to ensure compliance with Code obligations and improve customer outcomes.

Clearly, banks have more work to do. We look forward to seeing them live up to the promises of improved practices and deliver the outcomes that representatives of deceased customers deserve.

We will progress investigations into three banks on potential serious and systemic breaches of the Code we identified during this inquiry.

We will follow up with all banks on their progress and implementation of the nine recommendations in the next 18 months.