



LEWIS BROWNLEE

CHARTERED ACCOUNTANTS & TAX ADVISERS

# UNDERSTANDING PROBATE

We're here to help



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**Losing a loved one can be one of the most stressful and emotional times of your life. The last thing on your mind is dealing with the additional responsibilities of overseeing the legal and financial aspects of the deceased's estate.**

It is possible to undertake this process yourself. However, we have a dedicated team who can hold your hand and help you with every step along the way. We focus on removing as much of this burden from you as possible, while keeping you completely in control.

Most people assume that only solicitors and bankers are able to deal with probate, but thanks to a change in law some specially trained Chartered Accountancy firms are now also able to assist you.

Our team are fully trained, qualified and experienced to handle the probate and estate administration process for you, as well as giving you clear and concise guidance on estate planning, inheritance tax planning, trusts, executorships and financial planning.

## **WHAT IS PROBATE?**

Put simply, Probate is a term used generically to refer to the process of dealing with the estate of a deceased person. The purpose is to make sure all relevant taxes are collected, money owing to creditors is paid, debts owed to the deceased are collected, and the remaining assets from the estate are distributed to the relevant beneficiaries in accordance with their wishes.

It can be an incredibly complicated procedure, and with this in mind, we have created this guide to help explain what's involved, and the terminology that you may hear or read. Lewis Brownlee can assist you in these matters, if you would like a helping hand.



## WHO CAN DEAL WITH THE PROBATE PROCESS?

The people who are legally entitled to deal with the estate of the person who has died are known as 'personal representatives'.

If there is a Will specifically naming executors, and they are willing and able to act, they become the personal representatives. They will need to obtain a grant of probate from the Probate Registry, which will enable them to fulfil their duties.

If there are no executors willing or able to act, or if there is no Will, the personal representatives will be called 'administrators', and they will need to obtain a 'grant of letter of administration' which gives them authority to act.

To keep things simple we will use the term probate to cover all situations.

## IS PROBATE ALWAYS REQUIRED?

In certain circumstances you do not have to go through the probate process, for example if:

- The deceased doesn't own any property, land or shares and the estate is valued at less than £5,000.
- The contents of the deceased's estate is held jointly with another and therefore passes automatically to the other joint party. Examples of where this may apply are joint bank accounts and some properties.

**If you are not sure whether probate will be required, you can call our team on 01243 782 423 and we will be happy to advise you.**



## WHAT'S INVOLVED IN THE PROBATE PROCESS?

There are several stages to the probate process, which are set out in this guide.

First you should check whether the deceased has left a will. If, following a search of their home, you have not been able to find a will, you should also check with:

- their accountant
- their solicitor
- their bank(s)
- a will storage company – by doing an online search
- the London Probate Department

If you are liaising with accountants, solicitors, banks or will storage companies they will need to see a copy of the death certificate and also proof that you are the executor named in the will, before they release any documents.

If the deceased didn't leave a will, which is referred to as 'dying intestate', it is usual for the next of kin to oversee the probate process. As noted above, for the purposes of probate they are referred to as 'administrators'.



## APPLYING FOR THE GRANT OF REPRESENTATION

The deceased's personal representatives (executors or administrators) are responsible for handling the probate process.

The personal representatives can choose if they are happy to undertake the administration of the probate process, or whether they would like to engage the services of a suitably qualified professional, such as us. Other providers do exist and it is advisable to get comparable quotes before choosing who you want to administer the deceased's estate.

The first part of the process is to apply for a grant of representation.

There are 4 stages to the application process:

1. Complete an inheritance tax form - you or a professional valuer need to calculate how much the deceased's estate is worth, including property, shares, goods and chattels etc. This valuation will decide which form you complete and how much tax there may be to pay on the estate. If inheritance tax is payable the form will be sent to HMRC and the tax payable must be paid before you apply for the grant. HMRC will send a form to confirm that this has happened which will be sent to the Probate Registry.
2. Complete the probate application form (form PA1) – this can be downloaded from here: <https://www.gov.uk/government/collections/probate-forms>.
3. Send your application to your local Probate Registry – this should include the above PA1 and relevant inheritance tax forms, an original copy of the will and any codicils (an addition or supplement that explains, modifies, or revokes a will or part of one), as well as copies of the death certificate and current probate application fees.
4. Swear an oath – once they have received the necessary paperwork, the probate office will send you an oath. You will need to visit your local probate office or the office of a commissioner for oaths.

Once you have sworn the oath, you should receive the grant of representation within 10 working days.

## ADMINISTERING THE ESTATE

Once the grant of representation has been received you will need to send a copy to the deceased's asset holders, such as banks, building societies etc.

At this point you can start liquidating the deceased's assets, which will provide funds to clear debts, pay additional inheritance tax, income tax or capital gains tax arising from the estate.

As the personal representative you are personally liable if you distribute the estate to the beneficiaries, but a creditor of the deceased subsequently makes a claim for an unpaid debt. To protect yourself from this happening you can give notice to potential creditors under Section 27 of the Trustees Act 1925.

This involves placing an advert in the deceased's local paper and in the London Gazette. Potential claimants have a set timeframe for responding, which can be no less than two months and one day from publication of the notice.

## PREPARING ESTATE ACCOUNTS

Once all claims on the estate have been investigated and all debts and taxes have been paid, you can proceed to distributing the estate. As the personal representative for the estate you must distribute the estate assets to the beneficiaries as identified in the will, or by statement of the law, if there isn't a will.

All beneficiaries should sign a discharge to confirm receipt of their assets or funds. Residuary beneficiaries will normally sign the estate accounts that you will need to prepare to confirm that they are happy to accept the amount left to them once all other payments have been made, and confirm that they have no further call on the estate.



## HOW CAN LEWIS BROWNLEE HELP?

### SERVICES OFFERED AND PRICE GUIDE

The cost of our services does vary from case to case as the level of input required depends on a number of factors including the complexity of the estate in terms of nature and value of assets as well as how involved we will be during the period of administration. Some executors are happy to deal with a lot of process themselves, others would prefer to hand almost everything over.

We don't mind either way and are happy to provide whatever assistance is required of us.

We offer a free initial consultation and during this consultation we will establish as much relevant information as possible with the objective of then providing you with a quote for the work that you require us to undertake. We prefer to operate on a fixed fee basis to ensure there will be no unpleasant surprises, or to at least provide you with a fee range should it be difficult to determine the amount of work that would be required from the outset.

**CONSULTANCY ADVICE** | We could provide some bespoke advice by explaining the process, guiding you through what needs to be done and answering queries you might have. We could also check draft probate and IHT forms that you prepare prior to submission. **Service charged at a rate of £200 plus VAT per hour.**

**COMPLETION OF IHT FORMS** | Completing the IHT400 (or the simpler IHT205) is quite an involved process. We can help do this for you, and submit the forms to the tax man with all relevant supporting information and explanations. HMRC would then address any queries to us, meaning that we can then deal with such queries on your behalf. If the deceased was a self assessment client of ours, the IHT return should then be covered by our fee protection policy. **Fee ranges: IHT205 £250 to £400 plus VAT; IHT400 £750 to £1,500 plus VAT.**

**EXTRACTING THE GRANT OF PROBATE** | As part of the service we are authorised to extract the grant on behalf of the Personal Representatives. This involves submitting an online application to HM Courts, and sending a signed legal statement together with the original copy of the last will and testament, if there was one. We can pay the probate application fee to the Court, which we then later disburse to the estate. £300 to £500 plus VAT, plus Court fees. **£300 to £500 plus VAT, plus Court fees.**

**ESTATE TAX COMPLIANCE** | We can register complex estates with HMRC and prepare all required tax assessments and returns and calculate the liabilities of the estate. **Fees likely to be in a range of £200 to £1000 plus VAT.**

**ESTATE PLANNING** | We can advise on how to administer the estate in a tax effective way, taking into consideration our knowledge of how various taxes apply to the estate and individual beneficiaries. **Service charged at a rate of £200 plus VAT per hour.**

## HOW CAN LEWIS BROWNLEE HELP?

### SERVICES OFFERED AND PRICE GUIDE (CONTINUED)

**ESTATE ADMINISTRATION** | We can take care of this aspect as well. We would initially undertake due diligence on all concerned. We can open a bank account, collect in the assets, pay the liabilities and then distribute the estate in accordance with the instructions in the Will. We will run bank account reconciliations every month and will not pay funds out without obtaining the express permission of a personal representative. A payment will also not be made without the input of at least two members of our staff. **Fees likely to be in a range of £1,500 to £5,000 plus VAT.**

**ESTATE ACCOUNTS** | We can prepare final estate accounts for the approval of the personal representatives and residual beneficiaries. **Fee range £350 to £750 plus VAT.**

### CUSTOMER CARE

We are licensed to carry out the reserved legal activity of non-contentious probate in England and Wales by the Institute of Chartered Accountants in England and Wales.

You will be assigned to a team of experienced professionals who will be responsible for ensure the relevant care and attention is undertaken. We will also aim to ensure you have more than one point of contact to ensure urgent matters can be promptly attended to.

### PROFESSIONAL INDEMNITY AND ICAEW'S COMPENSATION SCHEME

We have £5 million professional indemnity cover in place. Furthermore, in the unlikely event that we cannot meet our liabilities to you, you may be able to seek a grant from ICAEW's Compensation Scheme. Generally, applications for a grant must be made to ICAEW within 12 months of the time you become aware, or reasonably ought to have been aware of the loss. Further information about the scheme and the circumstances in which grants may be made is available on ICAEW's website: [www.icaew.com/probate](http://www.icaew.com/probate).

### TIMINGS

The entire process of obtaining a grant of probate and the administering the estate will typically take several months and it is often not until more than a year has passed before the final estate assets can be distributed.

Having undertaken an initial review of the estate assets and Will, we will advise on the likely timescales and then we will regularly communicate with you to keep you updated with progress.

We can only apply for the grant once the IHT forms have been submitted to HMRC, so our initial priority will be to complete and submit the IHT forms as quickly as possible and by the deadline for when tax has to be paid (around six months following the date...

## HOW CAN LEWIS BROWNLEE HELP?

### TIMINGS (CONTINUED)

...of death). The grant should be issued approximately three months following the submission of the IHT forms, although this can be quicker in some circumstances.

Once the grant has been obtained the process of administering the estate can commence. How long this takes usually depends on the complexity of the estate, how many assets there are, how easy they are to collect or sell and how many beneficiaries there are. The administration of an estate can also only be concluded when all liabilities have been settled.

Usually tax is the final liability to settle, which includes income taxes for the periods preceding death, inheritance tax and any taxes payable on estate income and gains. The precise quantum of most of these taxes will be determined by asset valuations and eligibility for reliefs. Personal Representatives can apply for clearance from HMRC to confirm that no queries will be raised so the estate assets can be distributed. HMRC will though often run their own valuation checks on more complicated estates which will delay the date when a final clearance can be obtained. Matters would also be delayed if a claimant were to come forward, in which case the services of a contentious probate specialist lawyer would probably need to be sought.

It should be possible to conclude the administration of simple estates within a year of death, but it can take more than two years to conclude the affairs of more complex estates.

## THE LEWIS BROWNLEE PROBATE TEAM



**Tom Foster BSc(Hons) MSc ATT CTA**  
Head of Probate Services



**Sarah Alexander FCCA FCA**  
Head of Financial Administration

## GLOSSARY OF TERMS

TERM	DEFINITION
Administering the estate (or estate administration)	The process of distributing assets and funds to beneficiaries of the deceased's estate, either as documented in a will or by following the rules of intestacy.
Administrator	Someone who is appointed when executors are not named in the will or if a named executor does not want to be responsible for the probate process. The administrator can also be the next of kin where the person has died without making a will.
Assets	A generic term for everything which the deceased owns including property, shares, money, goods and chattels etc.
Beneficiary	A person who receives assets will have been left to them through a will or by the rules of intestacy.
Codicil	A written statement which makes changes to an existing will.
Creditors	People or businesses to whom the deceased owes money.
Debtors	People or businesses who owe the deceased money.
Deed of variation	A legal document which enables the beneficiaries to make changes to the will, even after the death of a person.
Estate	All the assets owned by the deceased including property, stocks and shares, money, goods and chattels.
Estate accounts	Financial accounts that document what monies have been received and paid by the estate. The estate accounts also identify what assets and funds have been and are now due to be paid to the beneficiaries.
Executor	A person identified in the will to administer the deceased's estate.
Grant of probate	The legal document that is produced following the grant of representation which enables the personal representatives to administer the estate.

## GLOSSARY OF TERMS

TERM	DEFINITION
Grant of representation	The grant giving the personal representatives the right to handle all the deceased's legal and financial affairs, such as: selling or transferring property; accessing bank accounts; calculating and paying what tax is due; identifying what debts are outstanding and what money is owed; and distributing the estate.
Goods and chattels	Personal items, excluding land and buildings owned by the deceased.
Inheritance tax	Tax to be paid to Her Majesty's Revenue and Customs where the value of the deceased's estate is above the current inheritance tax threshold.
Intestate or intestacy	When a person dies without leaving a will.
Letters of administration	The grant which is given to personal representatives to administer the estate in the absence of a valid will or executors who will take on the estate administration.
Liquidating assets	Where the deceased's property and assets are sold to generate money to pay taxes, creditors and to distribute to the beneficiaries.
Next of kin	The deceased's closest living relative(s).
Oath	The legal process of confirming the entitlement of the personal representatives to take out the grant and confirming that they will administer the estate in accordance with the law. The oath also confirms the value of the estate that the personal representatives will administer and the details of the deceased.
Personal representative	A general term given to executors or administrators who are responsible for the probate process.
Probate	The legal and financial process which occurs following a person's death. Sometimes referred to as 'administering the estate', probate deals with the deceased's property, finances and personal belongings.
Will	A legal document detailing how a person wants his or her estate to be dealt with after death.



**If you are feeling stuck, confused  
or just want some help, please call  
our dedicated Probate team on  
01243 782 423.**



LEWIS BROWNLEE

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