

Articles | Three Common Mistakes Executors Make When Dealing With An Estate

Three Common Mistakes Executors Make When Dealing With A Person's Estate Which Expose Them To Personal Liability And Risk

1. Not understanding the Will:

If an Executor doesn't understand the provisions in the Will, they may distribute the Estate in a way that is not what the deceased intended. This could give rise to a dispute between the Executors and the Beneficiaries which could result in the Executor having to settle the dispute from their personal assets, if they are found to be at fault for misinterpreting the Will.

2. Incorrectly valuing the Estate and not paying tax on time:

Executors must obtain formal statements and valuations for all assets and liabilities as at the date of death. This is what makes up the deceased's 'Estate'. This determines how much Inheritance Tax is payable after any available exemptions and reliefs have been applied. If Inheritance Tax is not paid on time, penalties and interest will be added by HMRC. There should also be consideration of Income Tax and Capital Gains Tax, but this is often overlooked.

3. Distributing assets too soon:

Although Executors should ensure the Estate is finalised as soon as possible, if the Estate is distributed before all creditors have confirmed accounts have been settled in full, and the Estate has already been distributed, Executors are personally liable to settle any additional debts that arise.

Executors are personally liable for ensuring the administration of an Estate is carried out correctly and in accordance with the law. If mistakes are made, beneficiaries can pursue the Executors personally to recover funds lost due to an Executor's conduct.

Executors are free to appoint a law firm to act for them in dealing with someone's Estate and for the cost to be paid out of the Estate. The law firm will take on all the liability and offer peace of mind that the job is done correctly and without any possibility of personal loss. **Call us on 01293 978979 for a free 15-minute call to find out how we can help you.**