

MERCERS

SOLICITORS

How much does it cost?

In this Guidance, you can read our estimates of what the costs are. We set out below estimates of cost of simple, medium and high complexity cases.

Important notes

Note 1

What factors are excluded? Our estimates do not cover

- non-UK based assets (as need expert cross-border advice)
- contentious probate (no disputes between executors, beneficiaries or disappointed beneficiaries)
- lifetime tax affairs
- tax advice to beneficiaries (e.g. about Deeds of Variation)
- ongoing trust advice and compliance work

Note 2

What is the difference between simple, medium and complex cases?

- What makes a matter more complex and time-consuming?
- It is not complex simply because there are multiple beneficiaries, a property and multiple bank accounts. Such an estate could be simple.
- Administering someone's estate is not handling a form-filling process.
- Although it does involve form-filling, it is more about
 - risks, and advice on how to minimise them (see below)
 - advice on a variety of tricky situations that arise
 - advice on being tax-efficient
 - a variety of other key factors (see below)
- What are these risks?
 - Administering the wrong Will – what checks should you make to ensure the deceased didn't make a later Will or Codicil?
 - Misunderstanding what a clause in the Will means.

- Missing assets or liabilities – there are billions of pounds of financial assets lying unclaimed. What checks can you make and what do they cost? How can you protect against an unexpected creditor demanding payment after the estate has been gathered in?
 - Miscalculating the tax, or failing to claim reliefs.
 - Distributing the estate before all liabilities paid or before HMRC clearance obtained.
 - Missing beneficiaries who later turn up – have you insured?
- What are the factors?
 - the difficulty or novelty of the questions raised (e.g. advising on claiming the Residence Nil Rate Band following downsizing)
 - whether there is a Will (or is it an intestacy)
 - the amount of time needed
 - in meetings
 - making accurate attendance notes of information received and advice given
 - on the telephone
 - drafting
 - emails
 - letters
 - Executors' Oath
 - IHT account
 - Estate Accounts
 - Tax Returns
 - maintaining a physical file and computer records
 - the value of the assets involved (high value estates involve more risk regarding tax and fluctuation in value so need more time, and more senior level supervision)
 - the importance and urgency of the matter (more important and urgent matters require more time, more prioritisation, and more supervision by a partner)
 - the amount of specialist knowledge needed to give the correct advice

Simple estate

assuming

- no IHT to pay (but the IHT short form IHT205 will still be needed)
- few executors and beneficiaries
- you are certain the Will is the last Will
- simple low value assets, easy to sell and gather in
- lifetime assets and liabilities were well documented
- not claiming benefits from DWP
- executors and beneficiaries easy to communicate with, prompt and clear responses and decisions
- not an intestacy (intestacies are never simple)

- no mentally incapable or minor or missing beneficiaries
- no unregistered land

The costs:

Stage 1 – obtaining the Grant

Fixed fee £2,000 plus VAT (£2,400)
 Range £950 to £1,800 plus VAT (£1,100 to £2,160) or it could be more

Stage 2 – administering the Estate

Range £1,000 to £5,000 plus VAT (£1,200 to £6,000) or it could be more

or could offer a fixed fee for both stages (subject to T + Cs) of £6,000 plus VAT

Disbursements

Valuations of shares	e.g. £50 but it varies on number of shares
Probate application fee	£155 (note may be raised up to £6,000 for £2M + estates)
Bankruptcy searches	£2 per beneficiary
HM Land Registry title	£3 for each copy of the title (OCE)
Statutory adverts	£150 plus per advert, it depends

Medium complexity

assuming same as a simple estate but

- IHT payable, so
- much longer IHT400 and supporting schedules needed
- advice about getting correct IHT valuations
- advice about how to raise money to pay IHT (has to be paid when applying for Probate)
- corrective account needed
- advice about interaction of IHT and CGT needed
- lifetime gifts to be identified – query whether the last seven years of bank statements need to be obtained

The costs:

Stage 1 – obtaining the Grant

Range £2,000 to £15,000 plus VAT (£2,400 to £18,000) but could be more
 Fixed fee £20,000 plus VAT (£24,000)

Stage 2 – administering the Estate

Range £5,000 to £15,000 plus VAT (£6,000 to £18,000) but could be more

Disbursements

same as simple estate

Complex estate

Same as medium but e.g.

- complex IHT aspects e.g.
 - grossing up calculation
 - APR or BPR
 - family trusts aggregated with estate
- several executors
- multiple beneficiaries
- large values (e.g. over £1 million)
- difficulty accessing information
- trusts in Will are ongoing

The costs:

Stage 1 – obtaining the Grant

starting from £5,000 plus VAT (£6,000)

Stage 2 – administering the Estate

starting from £5,000 plus VAT (£6,000)

Disbursements

same as for a simple estate

Hourly rates of staff

Hourly rates for time

Partners are £285 an hour plus VAT

Assistants and Associates range £220 to £285 an hour plus VAT

A higher hourly rate applies on more complex matters, partners £325 plus VAT

Staff

Unlike many other businesses who offer probate services, who use non-legally qualified staff or paralegals, all of our professional advisers are

- qualified solicitors
- very experienced
- many are members of SFE (Solicitors for the Elderly) and STEP (Society of Trust and Estate Practitioners)

How much will your own matter cost?

Every case is different – and you are unlikely to know at the start what problems may emerge. Please contact us for an estimate, which we can update once more is known.

Value element

The Law Society, following a leading case on probate fees, endorsed alternative ways of charging fees other than just hourly rates. Hourly rates are widely used and have a measure of fairness insofar as if a matter takes longer due to complexity, the solicitor is paid for their time. But you may be worried about the open-ended nature of the cost, and may prefer a fixed fee, albeit this may mean that you pay more than if just charged on a time-basis. A fixed fee protects you from the risk of extra costs – the risk is passed to the solicitor.

Charging by reference to a percentage of the value of the estate is a simple way to charge – many banks have in the past just charged a straight 4% of the whole estate.

Value-element is sometimes charged – always by agreement with the executors – in addition to an hourly rate in certain circumstances:

1. where our advice, based on many years' experience, takes only a few minutes to give but results in a substantial cost-saving to the estate, e.g. by avoiding a dispute, or saving tax;
2. where there are present one or more factors causing complexity, e.g. a cross-border aspect, or contentious aspect, or difficult tax aspects, e.g. APR/BPR claims, grossing-up;
3. where there is urgency, or very high-value, and the matter is of importance to the client, or all three;
4. value-element can sometimes be used to limit the hourly-rate fees, in order to limit the open-ended nature of the time-charges. So, for example, a client could ask for a lower hourly-rate than normal in exchange for some value-element, so if the matter does go on longer than expected the fees are not rising as much as they might have done.

The Law Society guidance on value-element is that firms can, where it is fair and reasonable, negotiate to charge the following percentages

where the solicitor is not an executor	
gross estate less residence	1%
residence	0.5%

where solicitor has responsibility as an executor	
gross estate less residence	1.5%
residence	0.75%

We stress that value-element is not automatically applied, and in straightforward estates it is often partially or wholly waived.

We can offer to charge by a variety of ways

- just time
- a mixture of time and value-element of 0.5% to 1.5%
- fixed fees

Time estimates

A simple estate can still take a year to wind up because

- the executors can't apply for Probate until
 - accurate estimates have been obtained of all assets and liabilities and lifetime gifts
 - a short form IHT account (the IHT205) still has to be prepared and signed even though there is no IHT payable
- once Probate applied for, it takes usually two weeks to arrive
- once Probate is obtained many financial organisations take weeks before releasing assets
- if there is a property it can take months to sell (or years)
- you may need clearance for the
 - deceased's lifetime tax affairs
 - the executors' tax liabilities (Income Tax, CGT, IHT)
 - DWP if deceased was receiving benefits