

The heir hunters who take 40 per cent



Cherrill Andrews from Chalford Hill, Gloucestershire, who was hit by exorbitant charges by an 'heir detective' company Adrian Sherratt for The Times

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There are calls for tough regulation after some beneficiaries report paying companies tens of thousands of pounds in fees

Companies called "heir hunters" who chase missing beneficiaries and charge "rip-off" fees before handing over a legacy are facing calls for tough regulation. People can find themselves signing up to pay fees of as much as 40 per cent of their share of an estate left

by an unknown or distant relative.

Now nearly 50 law firms are backing calls for curbs on what they say is an unregulated market; and some are also questioning the legality of the large US-style contingency fees that are charged.

The companies involved, also known as heir locators, start a race to be the first to find a missing beneficiary or next of kin to lay claim to handling the estate. But the relatives they contact are obliged to sign an agreement under which they give a percentage of their share of the legacy as a fee before even knowing the size of the estate.

The practice is highlighted in the BBC series *Heir Hunters*, which started in 2008, and pressure has been building since for regulatory controls.

One company, Title Research, which traces missing heirs but refuses to use contingency fees, has started a “dog eats dog” campaign to raise awareness about some of its competitors, arguing that the public is being exploited.

David de Menezes, its spokesman, says: “There needs to be regulation. More and more beneficiaries are expressing concerns about the levels of fees they have been charged — and solicitors too are getting worried.

“There has been concern about this for a while but the fees are becoming more disproportionate,” he says. “Beneficiaries are being ripped off on a massive scale. It can be as much as £10,000 to £50,000 on a large estate. We believe that the fees charged should reflect the time spent and be fixed in advance.”

Constance McDonnell, a barrister who specialises in probate, says: “The problem is that none of these agreements has ever been challenged in the courts in England and Wales. Where people have tried to challenge them, they are usually settled before a trial.

“In my view, the heir-locator industry is going to do everything it can not to let a case get to court because there is a real risk that these fees would be held to be illegal and they would have to change their charging practices.”

She says that she had acted for a man in one case — the sole heir of an estate — who had not been given any information.

“He signed up with one of these companies, believing that the legacy would be very small, and agreed to pay 33 per cent. But he then found that it was a seven-figure sum. The work involved in tracing this man was no more than a week’s work.”

Mr de Menezes says that in one case an estate had been worth £240,000 and heir locators had charged a 40 per cent fee, or £96,000, plus VAT and expenses. In another case the estate was worth £198,000 and the fee was £65,000, or 33 per cent, plus VAT and expenses.

Usually heir hunters refuse to disclose to the beneficiaries any details about the identity of the deceased or the size of the legacy until they have signed the contract agreeing to pay the fee.

“These agreements are in the dark ages,” Mr de Menezes says. He adds: “Most modern businesses charge fees on the basis of the amount of time spent. If you get a builder to fix a roof, that’s how you expect to pay.

Title Research, which handles 1,500 cases a year, believes that the market turnover of companies charging contingency fees is £10 million a year. “We estimate that there are 14,000 beneficiaries a year traced by firms charging a contingency fee,” Mr de Menezes adds. Sometimes these heir locators are instructed by solicitors, who effectively turn a blind eye to the charges imposed.

“The solicitors — as personal representatives of the deceased — are actually under a duty to find the beneficiaries at reasonable cost,” Mr de Menezes says. “They ought to insist that the heir locators work to a fixed fee or hourly rate. In not doing so, and letting them charge contingency fees, they could even be personally liable to the beneficiaries. But the latter don’t usually know who they are.”

When a firm of “heir hunters” — or probate genealogists, as they prefer to be called — locates a beneficiary, the individual is asked to sign a letter. These letters typically ask the beneficiary to pay two fifths or one third of the value of the inheritance. The individual must also agree to the deduction of the fee directly from that inheritance — which at that stage is an unknown quantity.

One letter that *Times Money* has seen, from a London-based company called Finders, adds that when signed, in accordance with consumer protection laws, “there is no right to cancel this agreement as performance of our services will begin immediately”.

Another letter, from a company called Hoopers, also in London, states: “Before revealing particulars of the assets in question, we ask you to agree that we shall be paid a commission of one third of the net amount actually recovered by you.” If nothing is recovered, there is no fee, it says. People have seven days in which to change their minds.

Michael Tringham, chairman of Hoopers, which has been established for 40 years, defends his company’s charges, which he says in most cases are “5 to 10 per cent”.

He says: “I bridle when I hear mention of large fees. In the bad old days firms used to be able to charge whatever the market would bear and individuals would pay. But things have now changed dramatically.”

There are now about 30 companies describing themselves as probate genealogists compared with only a handful 40 years ago. Mr Tringham adds: “Our work is a gamble. It can take many, many hours, days and weeks, research and endless correspondence and expenses contacting relatives who are perhaps spread out across the world. We recently dealt with an estate worth £5,000 — our fee on that was £475.”

He adds that only half of the work was done on a contingency fee and the rest were cases where solicitors wanted a fixed fee or an hourly rate. As for not informing beneficiaries, he says: “We often don’t know what amount is involved ourselves. But we have to protect ourselves. If we gave people all the information after spending much time and effort tracing them, they would just say ‘thank you very much’ and walk off, and we would have nothing. There has to be consideration for the work we have done.”

Title Research is pressing for greater regulation and measures to protect consumers. Ms McDonnell says that anyone contacted by an heir-hunting company that will not disclose the relative’s name before agreement to payment should attempt to bypass that company. She says: “You should first search recent deaths at bonavacantia.gov.uk [a list published by the Government of people who have died without a will or next of kin]. Look for the names of known relatives or of people with family surnames. If you know your relationship to any such person, use the form on the website to enter your claim. If you suspect but don’t know of a relationship, engage a professional genealogist at an hourly rate. It shouldn’t take more than a few hours’ work or £100 or so to find or rule out a connection.”

In cases where the deceased made a will, his or her name will not be listed. To track down such people, Ms McDonnell suggests hiring a professional genealogist (again by the hour) to draw up a family tree of relations and to check this against recent death records. Once you have a name of a relative who has died within the past year or two, you can find details of their executors from the Probate Registry and should write to them stating your relationship. The Society of Genealogists (SoG) has a guide to hiring a professional genealogist online at sog.org.uk. Most charge £10 to £30 an hour, plus expenses. Alternatively, you can do the work yourself (again the SoG has advice), although this will take beginners many hours and will require subscriptions to websites such as ancestry.co.uk and payment for certificates.

A spokesman for the Attorney General’s Office, which is responsible for the “bona vacantia” list, said that new estates were advertised every Thursday.

Government solicitors accept the first completed claim received, whether it is submitted from kin direct or from an agent. They then have no further involvement. A spokesman said: “It is a matter for individuals whether they sign contracts with agents.”

Additional reporting by Mark Bridge

‘Companies do what they like’

Cherrill Andrews, 62, first knew that she was in for a windfall when her brother contacted her but she did not know how much or who had left it.

Her brother had been traced by an Edinburgh-based firm of heir-hunters called Beneficiaries Ltd, which then visited her and “asked all kinds of questions” about what relatives she had.

“But the thing that really shocked me was that it was suggested that my mother might have had a child before she married and then had it adopted.”

Ms Andrews, who is retired and lives in Stroud, Gloucestershire, says that this turned out to be a mistake. But it diverted her attention to such an extent that when she was asked to sign the agreement on fees she did so without much thought.

“I had never done anything like this before and I just assumed this was how it was done. I didn’t think it would hurt to sign it. You go in with your eyes closed — you don’t know anything about it.”

Many months later she finally learnt that it was an uncle who had left the money; but not until she had spent time and money trying to establish if the adoption theory was true; plus some £3,000 in lawyers’ fees after deciding to go to a solicitor because she was unhappy about what was going on.

“I had been asked for copies of all kinds of papers, including my father’s will, and that all worried me. I didn’t know how legitimate it all was.”

Her uncle left £198,000, divided between her brother, herself and a sister. The fees charged were 33 per cent plus VAT, which on the total estate came to £65,000. On top of that the company racked up expenses of £12,000, meaning that Cherill and her siblings paid fees of 38 per cent of the estate.

She has paid the fee and received her share of the inheritance. But she is unhappy that there is no route for complaint.

“It is unfair. There’s no one, such as an ombudsman, you can complain to. These companies seem to be able to do what they like.”

Writing a will — what you need to know

- It is important to write a will so that your estate passes to the beneficiaries of your choice rather than according to intestacy rules. The process will also save your heirs considerable time, trouble and expense, and may help you to minimise inheritance tax (IHT).
- You can write a will yourself using self-help books or will templates, but it is advisable to use a solicitor, who will charge from about £150 to £400 and can answer questions on issues such as IHT. There should be no obligation to name the solicitor as an executor.
- You should review your will every five years and after any major life change, such as getting separated, married or divorced, having a child or moving house. Changes can be added as “codicils” or by making a new will. See Direct.gov.uk for more advice.
- In November the annual Will Aid campaign will enable anyone to make a will with a local solicitor in return for a suggested donation of £75 for a single will, £110 for mirror

wills (for a couple) or £40 for a codicil to participating charities, including ActionAid.

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