



Nearly all people will have to, at some point in life, deal with the departing of loved ones. This includes handling their financial matters.

Fortunately, sorting out the personal finances for the deceased is generally not a complicated task in most cases.

Contrary to popular belief, a deceased need not be wealthy, to leave behind outstanding bills to pay and assets to distribute. While the distribution of assets after a person has passed on is generally well understood, the settlement of bills seems to be less so. Here are the answers to some commonly asked questions.

**What happens to the bills (e.g. credit cards) left behind by the deceased? Will a bank automatically write-off such bills?**

In effect, the deceased (or rather his estate) is still liable for his debts, which may include credit card and telephone bills. Banks and creditors will not write off a debt just because the liable individual has passed away, unless his estate is worth less than the outstanding debt.

### **How do creditors (such as banks) recover the amount payable when the debtor has passed away?**

Once a person passes away, all assets will be frozen and moved into probate.

A probate is a court order under which a will left behind by a deceased is executed (i.e. liabilities settled and remaining assets distributed). A probate is usually applied by a next of kin (or a lawyer authorized by a next of kin) of the deceased.

Under the probate, the executor of the will be empowered to settle the outstanding debts of the deceased.

In parallel, financial institutions (such as banks) would usually be notified by the probate court to make any caveats on the estate of the deceased. Upon receiving notice that a customer has passed away, organizations such as utility companies will also generally make claims as necessary on the deceased's estate.

When the court is satisfied all debts have been settled and the estate duty paid, the remaining assets would be allowed to be distributed to beneficiaries under the will.

### **What if there is no next of kin?**

If the deceased does not have a next of kin or had not appointed a trustee for his estate, the Public Trustee will oversee the estate during the period of probate, and creditors would be required to present bills of outstanding debts to recover the monies.

### **What if the amount to be recovered is small? Would the bill be written off?**

There is a possibility that small debts would be written off if the cost to recover the sum is greater than the cost to make a claim or lodge a caveat.

These however are on a case-to-case basis and the decision is also dependent on the specific creditors.

### **What if a creditor lodges a caveat on an asset after the period of probate?**

If a caveat has been lodged against a specific asset (such as a house), the next of kin who inherited the asset may have problems disposing of it subsequently, until the creditor is paid.

If the caveat is disputed, the outcome would very much depend on the grounds under which the creditor is late in lodging the caveat. For example, if there are reasons to believe that a next of kin (or beneficiary of the will) had intentionally hidden the news of the deceased's death from the creditor, the creditor would have a favorable case in an ensuing litigation.

More information on Singapore Probate Laws can be found on at the [Subordinate Courts of Singapore website](#)

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