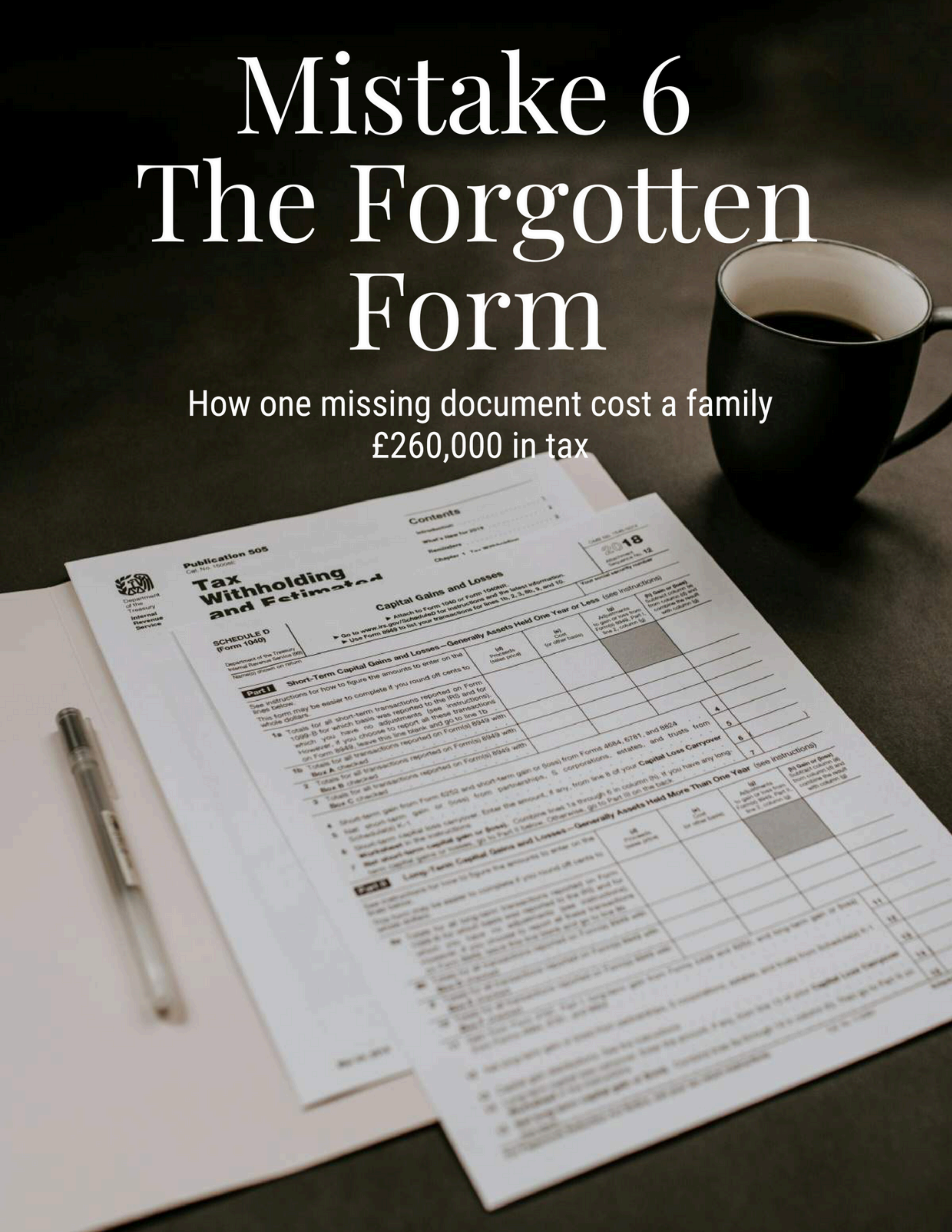
Mistake 6
The Forgotten Form

How one missing document cost a family £260,000 in tax



Mistake 6 – The Forgotten Form

Some mistakes in estate planning aren't about greed or bad advice. Sometimes, they come down to something far simpler — a single, forgotten form. That was the case for **Mr and Mrs Hollis** from Cambridge, a couple who did almost everything right in life. They raised two children, worked hard, cleared their mortgage, and thought they had their affairs neatly in order. But a small piece of missing paperwork cost their family **£260,000** in inheritance tax.

A Life Carefully Built

The Hollises were the kind of couple who embodied quiet diligence. Mr Hollis had spent more than forty years as an engineer at a large manufacturing firm, where he built up a substantial **defined contribution pension**. By the time he retired in 2010, that pension was worth around **£700,000**, the result of decades of patient saving and company contributions.

He and his wife, **Margaret**, had lived in the same detached house on the edge of Cambridge since the 1970s. Their children, **Owen** and **Emily**, had long since left home, started their own families, and were doing well. The Hollises weren't wealthy in the grand sense of the word, but they were comfortable, secure, and proud that everything they owned had come from their own effort.

When he retired, Mr Hollis did something many overlook. He filled out his **pension nomination form**, sometimes called an *expression of wish*. He named Margaret as the beneficiary of his pension should anything happen to him. That single act — which took five minutes — turned out to be one of the smartest things he ever did.

The First Death – 2014

When Mr Hollis passed away in **2014**, aged 83, his pension was passed directly to Margaret. It didn't go through probate, and it didn't form part of his estate. Because of that, it was **completely exempt from inheritance tax**. Margaret didn't have to pay a penny.

For her, it was a great relief. She continued to live comfortably, drawing a modest income from the pension while using her savings for small pleasures — days out, holidays with friends, and gifts for her grandchildren. She often told her children, "Your father made it so easy for me. He really did think of everything."

And he had — up to that point.

The Overlooked Detail

Over the next nine years, life moved on peacefully. Margaret remained in good health well into her eighties. Her pension continued to perform steadily, worth around **£650,000** by 2023. But in all that time, she never once reviewed or updated her pension paperwork.

It wasn't laziness; she simply assumed there was no need. After all, she had inherited the pension from her husband — it must have been "sorted," she thought. What she didn't realise was that pension trustees don't automatically follow a will, and they don't assume your existing beneficiaries carry forward. They rely entirely on the **nomination form** you leave behind.

When Margaret passed away peacefully in 2023, her children believed everything was in order. But when the pension trustees reviewed her file, they discovered **no valid nomination form** on record. There was nothing to indicate who should inherit the pension.

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A Family's Reaction

The Hollis children didn't blame their mother. She wasn't careless; she was simply unaware. Like so many people, she thought her will covered everything. But pensions don't follow wills — they follow trustee discretion.

Owen said later, "Mum was the most organised person I knew. Every bill paid on time, every letter filed away neatly. But she just didn't know she had to fill in another form."

It was a hard lesson. Both siblings immediately checked their own pension nominations, their insurance policies, and even their workplace death-in-service benefits. The experience left them cautious, but wiser.

Why It Happens So Often

What happened to the Hollises is far from rare. Across the UK, millions of people have pensions — workplace, SIPP, or personal — with outdated or missing nomination forms. In some cases, the only form on file still names an ex-spouse or a parent who passed away years ago.

The problem is that pensions sit **outside the estate** and don't automatically follow your will. If you don't complete or update your nomination, the trustees are left to make their own decision. And when there's no clear guidance, they default to paying the funds into your estate — immediately triggering inheritance tax.

It's a quiet trap, and one that affects even the most diligent savers.

The Technical Lesson

Handled properly, pensions can be one of the most effective inheritance tax tools available. The key is ensuring your wishes are formally recorded.

Every pension holder should:

- Review their **nomination form** regularly, especially after marriage, divorce, or bereavement.
- Name **more than one beneficiary** so the plan still stands if one person predeceases you.
- Keep copies of the signed form with your solicitor and executor.
- Reconfirm nominations if you change providers or consolidate pensions.

It takes minutes but can save hundreds of thousands in tax.

The Emotional Undercurrent

The Hollis case isn't about financial recklessness — it's about human oversight. Margaret's intentions were good, her finances well managed, and her life lived sensibly. Yet one uncompleted form undid all the careful planning she and her husband had put in place over fifty years.

Her story is a quiet reminder that even the most organised families can miss something small with enormous consequences. In the world of estate planning, the devil really is in the paperwork.

Final Thoughts

Inheritance tax doesn't just punish the careless — it punishes the unprepared. And as the Hollis family discovered, even the smallest gap in planning can have huge repercussions.

A pension can be one of the most powerful tools for passing wealth to the next generation, but only if it's properly managed. So before assuming everything is "sorted," take a few minutes to double-check your nomination form.

Because sometimes, the biggest financial mistakes don't happen in accountants' offices — they happen in the filing cabinet at home.

Important Note

This report is for **educational purposes only** and does not constitute financial or tax advice. For personal, regulated guidance, always consult an **FCA-authorised financial planner or solicitor** who specialises in **estate and pension planning**.

Mistake 6 – The Forgotten Form

This story forms part of the *Market Insider IHT Series* — real-life lessons designed to help families protect what they've built, avoid hidden traps, and make sure every detail is truly in place.

Mistake 6 – The Forgotten Form

In "Mistake 6 – The Forgotten Form," the Hollis family learns the hard way that a missing pension nomination form can lead to a staggering £260,000 in inheritance tax, unraveling decades of careful planning. This poignant tale highlights how even the most diligent savers can overlook essential details that have profound financial consequences. A reminder that in estate planning, the smallest oversight can carry the heaviest price.