

Rightfocus

Rik Mayall case highlights the importance of having a Will in place

Latimer Hinks Solicitors is urging people, particularly High Net Worth (HNW) clients - to ensure they make a will sooner rather than later.

The call comes after the untimely death of comedian Rik Mayall who died last summer, aged 56, failing to leave a will and with an estate valued at £1,192,701. As a result Mayall's family could be liable to Inheritance Tax of tens of thousands of pounds.

Rik Mayall died in June 2014, before the October 2014 changes to the law. His wife will receive £250,000 of his assets plus personal chattels with the rest being split as to half to his wife for life and half for their three children. Assuming his children's share is worth more than £325,000, Inheritance Tax (IHT) becomes due.

Had he written a will in which he directed that all his assets were left to his wife no tax would be payable on his death. One of the key advantages of the Inheritance Tax rules is that assets passing between spouses pass tax free.

In addition to the potential IHT liability, dying without making a will means your estate will be distributed according to set rules, which may not necessarily correspond with your wishes.

Natalie Palmer, Director in the private client department at Latimer Hinks Solicitors, said: "This is yet another high profile case



where having a will in place makes all the difference. It is the difference between future peace of mind for you and your family and potentially real and expensive problems for the family at a time of bereavement.

"Without a will, you can't make sure that your family will be provided for in the way you would wish. Whatever your marital status a will is always worth making – and if you're not married and have significant assets then it really should be top of your "to do" list. It's also particularly important where there is an unmarried relationship, a second marriage, step children who you would want to provide for or children from previous relationships."

For further information please contact Natalie Palmer (left) or, one of her colleagues from the Private Client Department.

Welcome to Rightfocus...

Following the untimely death of Rik Mayall we were prompted to lead with a call to action highlighting how important it is to make a Will sooner rather than later.

Inside, Latimer Hinks urge businesses to tackle social media at work while on the back page Martin Williamson highlights the pitfalls of choosing the wrong conveyancer.

In other news we look at SMEs and the Small Business Act, consumers rights and what changes to savings rules might mean for your ISA.





Darlington law firm advises businesses to tackle ‘bad behaviour’ on social media

Latimer Hinks is urging businesses to sharpen their social media policies in order to tackle “bad behaviour” on private Twitter feeds.

A personal remark on a personal Twitter feed can be reasonable grounds for disciplinary action by an employer, the Darlington-based firm reports. This follows the findings of an Employment Appeal Tribunal (EAT) after an employer dismissed a member of staff for posting allegedly abusive, non work-related messages on his personal Twitter account.

The case centred on an employee of Game Retail, who was employed in a role with responsibility for working with 100 of its retail stores. The employee had a personal Twitter account and this was followed by employees from a number of those stores. When he posted potentially offensive tweets about towns he had travelled to, Game undertook a disciplinary investigation which found him guilty of

gross misconduct. He was dismissed immediately and later brought a claim for unfair dismissal.

The employment tribunal ruled in his favour, saying that the action was not a reasonable response by the employer, but, on appeal, the EAT said that the first stage ruling failed to take full account of the public nature of Twitter and whether the employee’s private use of Twitter was truly private, given that he was followed by a number of other employees.

While the EAT recognised the right to freedom of expression, this had to be balanced with the need of the employer to reduce reputational risk. The appeal tribunal also said that there was no need for Game to demonstrate that the Tweets had actually caused offence, only that they had the potential to do so.

Nick Poole from Latimer Hinks said: “This ruling is a reminder to businesses to make

sure that their employment documentation is up to date if they want to react to Tweets by staff.”

The EAT did not give any general guidance on when dismissal for social media misuse would be appropriate, saying that every case must be judged on the facts and the test of whether the employer’s decision to dismiss is a “reasonable response to the offending conduct.”

Nick Poole added: “Operationally, it’s another aspect of social media usage that needs to be clarified within terms of employment, as employers need to make clear not only what online conduct is considered to be unacceptable, whether made on behalf of the company, or personally but also what sanctions may follow for a breach.”

For further information contact Nick Poole on 01325 341500

More support for SMEs with the new Small Business Act

The Small Business, Employment & Enterprise Act became law on the 26 March, and will soon bring about some significant changes for UK business.

From support to find the right funding to introducing greater transparency, the new Act has implications for enterprises across the UK. Here’s how it could affect you:

1. Improving regulatory processes

For every new regulation in the Small Business Act, two old ones have been cut. This has the potential to reduce compliance burdens. SMEs will also find it easier to challenge decisions made by regulators, with the introduction of a Small Business Appeals Champion.

2. More choice and information about finance

The Act aims to improve access to finance, with banks required to refer SMEs they decline to fund to platforms where they can find alternative lenders. The Act will also create new ‘challenger banks’ that will improve competition for businesses.

3. Financial incentives and protection

Late payments can be especially damaging for small businesses. To help protect them, the Act will introduce incentives to encourage larger firms to pay on time. The new legislation will also simplify the insolvency system, reducing the possibility for insolvency practitioners to abuse it.

4. Support to access new markets

Increased access to export finance will help smaller businesses trade overseas. Within the UK, the government aims to open up its procurement processes to SMEs. Currently, only 10% of government contracts go to smaller businesses.

5. New obligations

While many changes will benefit SMEs, the Act will also require them to fulfil new obligations, such as being more transparent about who owns their shares and controls their business. This should make tax dodging and other illegal activity more difficult to hide. The Act will also grant whistleblowers better legal protection.



What's different about this financial year?

On top of the new pension freedoms, April brought in a host of changes that could affect your savings and the tax you pay.

Tax-free savings

The beginning of the new tax year came with an increase in the ISA allowance from £15,000 to £15,240. This will be the first full tax year when savers can make the most of the larger limit brought in July 2014, which can be split across cash, and stocks and shares accounts.

Further welcome news is that if you make up to £15,600 a year from your income and interest on your savings combined, you'll no longer pay tax on your interest.

Greater choice over child savings accounts

If you set up a Child Trust Fund (CTF) account, you'll be able switch it to a Junior

ISA (JISA), which generally pays better rates. The JISA annual allowance is the same as for a CTF, which went up from £4,000 to £4,080 this year. Both types of account are in the child's name, but are locked away until they reach the age of 18.

Tax-free income allowance increase

The amount you can earn each year without paying tax has risen from £10,000 to £10,600.

Changes to National Insurance bands

Most employed people pay a National Insurance contribution each month, based on their earnings. From this year, you can make up to £155 a week without paying National Insurance, an increase from £153.

Those who make between £155-£815 a week will contribute 12% of their income

“ If you make up to £15,600 a year from your income and interest on your savings combined, you'll no longer pay tax on your interest ”

(up from £153-£805 per week). And people who earn over £815 a week will pay 12% on everything they earn up to £815 per week, and 2% on everything over that.



What savings changes mean for you

April 2016 will bring a tax break that could make the cash ISA fall out of favour with the majority of savers.

The spring budget saw the chancellor announce a 'personal allowance' that means savers will be able to earn a certain amount of interest on their savings tax free every year.

People with an annual income of up to £42,700 can earn £1,000 in interest each year before paying any tax. That means you would have to have more than £72,000 of savings in an account paying 1.4% (the

current top-paying account) before you'd go over the tax free limit.

Higher rate taxpayers – those who earn over £42,700 – will also benefit from a tax-free allowance of up to £500 in interest on their savings each year. If they held their money in the same 1.4% account, they could save up to £36,000 without breaching the barrier.

The changes also mean that people earning less than £10,800 will no longer have to register to have their interest paid tax free.

Consumer rights: what's changing?

The new Consumer Rights Act will come into force from 1 October, with the aim of making consumer law clearer and easier to understand.

Key changes include simplifying guidance about what you can do with goods that need to be repaired or replaced, along with new points that cover your rights when buying digital products such as downloaded music or films.

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The pitfalls of choosing the wrong conveyancer

Conveyancing is probably the most important part of the home-buying process. Yet, for many, choosing which conveyancer to use is something of an afterthought.

Property buyers, particular those purchasing their first home, get caught up in the excitement of finding the right house. Then, there are the hoops that must be jumped through to secure a mortgage. So, it's no surprise that appointing a conveyancer can be bottom of a long "to-do" list, with many people simply opting for their estate agents' recommendation or the cheapest they can find.

With all the expense that comes with buying a home, price is naturally a factor when choosing who will help to complete what will be one of the most important purchases of your life. Some people, looking to save as much money as possible, even look at DIY conveyancing but the only saving you will make if you DIY are solicitors' fees and VAT. You will still have to pay search fees and the lender's solicitors' fees. There's also the issue of peace of mind. Whilst solicitors have indemnity insurance, you and you alone will be responsible for any mistakes you make.

In recent years, a glut of online services has developed, offering fixed-fee conveyancing

for as little as £200. Communication will often be with a call centre or via email, with no option to simply pop into the office with paperwork to speed up the process.

According to latest figures from Post Office Money and the Centre for Economics and Business Research, in the past 10 years the cost of home purchase conveyancing has risen less than the fees charged by estate agents and surveyors.

In the 10 years up to 2014, the overall cost of moving rose by 58% to £11,894, whilst the cost of conveyancing went up by 37% to £1,419.

That old adage of 'you get what you pay for,' can often hold true when it comes to finding a conveyancer or specialist solicitor to deal with the whole process of transfer of legal ownership of a property from the seller to buyer.

Choosing the cheapest fee may not be the most cost effective long-term solution, particularly in complex cases where there are issues with boundaries or rights of way.

Conveyancing involves attention to detail and a lot of paperwork. Timing is key. Anything not correctly completed and processed could cause considerable delays even, in the worst case scenario, leading to a sale falling through.

Make sure your conveyancer has time for you. If they're handling too many cases, you could find they are impossible to get hold of, which could cause real frustration and problems, particularly if you're new to the house-buying process.

A good conveyancer or solicitor will carry out the right searches, and ask the right questions. Without these, it can prove incredibly costly for you, even in the years to come after you have moved to your new home.

Factor time into the process to find and establish rapport with a good conveyancer. It will take some of the tension out of what is one of life's most stressful events.

**For further information: visit
www.latimerhinks.co.uk or call
01325 341500**



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