

MEDLOCK
&
LANGLEY

The 3 Biggest Inheritance Tax Mistakes People Make (And How to Avoid Them)

A plain-English guide to protecting your family's inheritance from unnecessary tax bills



Why This Matters to You

If your estate is worth more than **£325,000** (including your home), your family could face a **40% inheritance tax bill** on everything above that threshold. For most families, that means losing tens or even hundreds of thousands of pounds to HMRC—money that should go to your loved ones.

We've reviewed hundreds of wills and estate plans over the years, and see the same costly mistakes again and again. In fact, about **95% of the wills I review** contain at least one of these three problems.

The good news? Every single one of these mistakes is completely avoidable with proper planning.

Mistake #1: Leaving Everything Directly to Your Spouse or Children



Why people do this

It feels natural. You want to provide for your partner and children, so you leave them everything in your will. Simple, right?

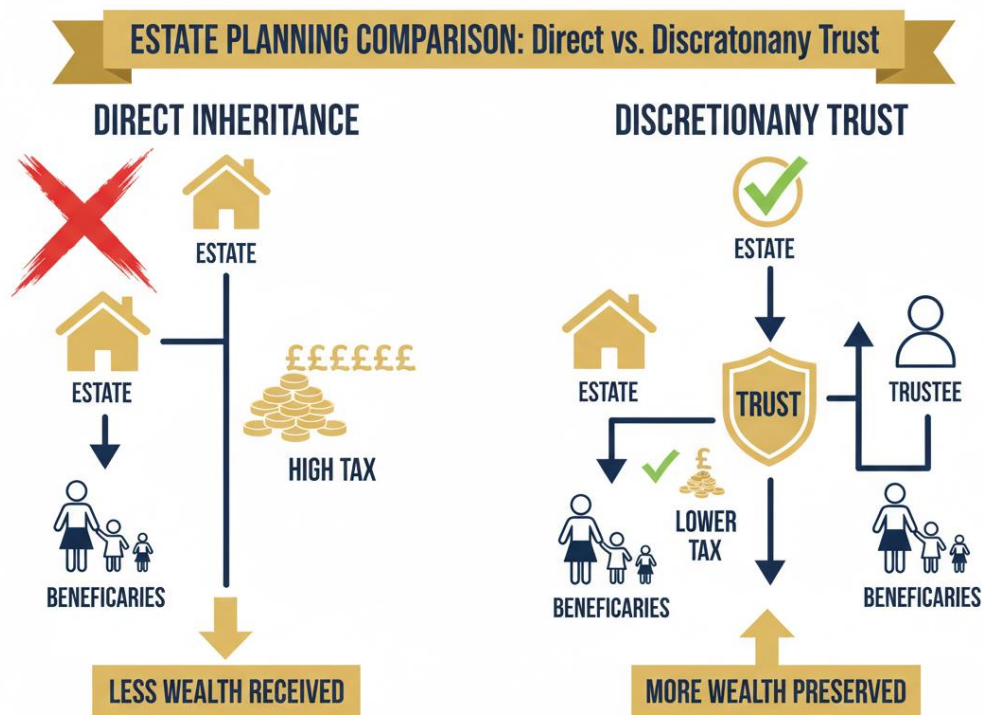
The problem

This is the most common mistake we see, and it can cost your family a fortune.

When you leave your entire estate directly to your spouse, you're using up your £325,000 nil-rate band. When your spouse then passes away, their estate (which now includes everything you left them) only has their £325,000 allowance to work with.

Real-world example (not including RNRB – residential nil rate band allowance)

- You own a home worth **£450,000** plus **£200,000** in savings and investments
- Total estate value: **£650,000**
- You leave everything to your spouse
- Your spouse later passes away, and their estate (now £650,000) goes to your children
- **Inheritance tax bill: $(£650,000 - £325,000) \times 40\% = £130,000$**



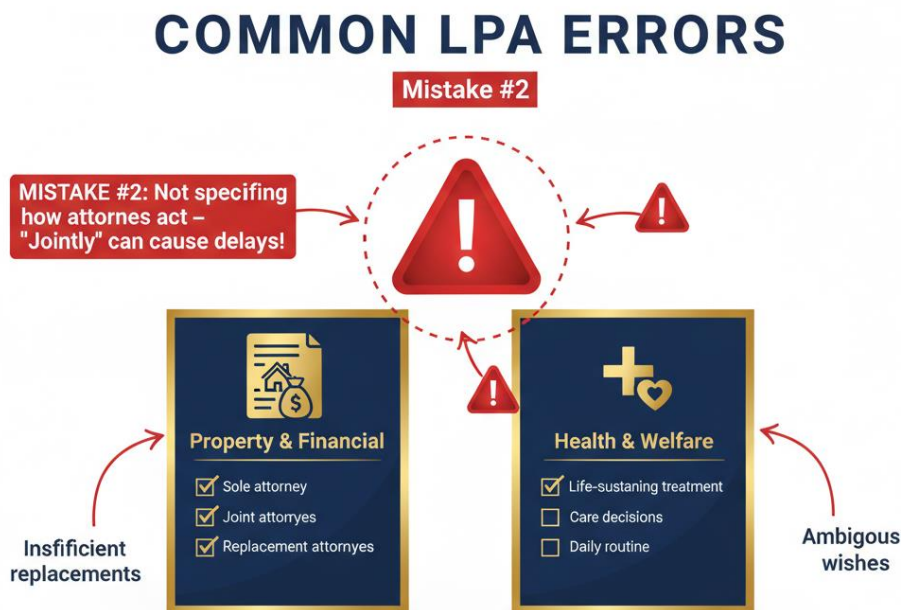
The solution

Use of a **discretionary and other trusts** within your will. This allows your spouse to benefit from your assets during their lifetime while ring-fencing a portion of your estate, you could also use your full nil-rate band & RNRB.

When structured correctly, you can potentially save your family £130,000 or more depending on how and when the tax is paid and what their financial position is.

This isn't about cutting your spouse out—they still have full access to what they need. It's about smart structuring that protects your family, loved ones and children's inheritance from unnecessary tax and associated fees.

Mistake #2: Incorrectly Completed Lasting Powers of Attorney (LPAs)



Estate Planning Guide PDF

Why people do this

LPA forms are available online, and people think they can save money by doing them themselves. Or they use a non estate planning specific person, or basic will-writing service that doesn't properly explain the different types of powers, rules or instructions and permissions.

The problem

An incorrectly completed LPA can be worthless when you need it most.

We regularly see LPAs where people have:

- Failed to grant their attorneys the correct powers to manage property and financial affairs
- Not included health and welfare powers, meaning no one can make medical decisions if they're incapacitated
- Appointed attorneys without clear instructions on how they should work together
- Made technical errors or mistakes that render the LPA invalid or unfit for purpose

Real-world example

A client's father developed dementia but had only completed a Property and Financial Affairs LPA—not a Health and Welfare LPA. When he needed to move into a care home, the family couldn't make that decision on his behalf. They had to go through a lengthy and expensive Court of Protection process to get deputyship, costing **thousands of pounds** and months of stress during an already difficult time.

The solution

Work with a professional who understands LPAs thoroughly. **You need:**

- ✓ **Property and Financial Affairs LPA** – So someone can manage your money, pay bills, and handle property if you lose capacity
- ✓ **Health and Welfare LPA** – So someone can make medical and care decisions on your behalf
- ✓ **Clear instructions** on how your attorneys should act and what your wishes are
- ✓ **Proper registration** with the Office of the Public Guardian, and distribution of copies

The cost of getting this right is a fraction of what your family will pay if you get it wrong.

Mistake #3: Not Reviewing Your Estate Plan Regularly



Why people do this

Once people finally get around to making a will, they think “job done” and never look at it again. Life is busy, and estate planning isn't exactly exciting.

Mistake #3 Life Happens, Things Change

Your life changes, your family grows, the children become adults, get married, you become grandparents, your parents pass away; laws change, and asset values change etc.

A will that made perfect sense to you 10 years ago might be completely wrong for your situation today.

Common changes that make your estate plan outdated:

- Property values increasing (your £250,000 home is now worth £450,000)
- Marriage, divorce, or remarriage
- Birth of children or grandchildren
- Your children become adults
- Death of executors or beneficiaries named in your will
- Starting a new business or selling a business
- Receiving an inheritance yourself
- Changes to inheritance tax laws or allowances

Real-world example

A couple made wills in 2010 when their home was worth £280,000. They left everything to each other, then to their two children. By 2024, their home was worth £525,000, plus they had £175,000 in investments and savings.

Total estate: £700,000

Because they never reviewed their wills, they were still using the simple “everything to spouse, then children” structure from Mistake #1. Their family faced a **£150,000 inheritance tax bill** that could have been reduced to zero with proper planning.

The solution

Review your estate plan every 2-4 years, or immediately after any major life event:

- Marriage, separation or divorce
- Birth or adoption of children
- Significant change in asset values
- Death of an executor, attorney or beneficiary
- Starting or selling a business
- Moving house or buying additional property

A quick review takes less than an hour and could save your family tens of thousands of pounds.

How to Avoid These Mistakes

The common thread in all three mistakes is the same: people either try to do it themselves without proper expertise, or they use basic services that don't account for their specific situation.

Estate planning isn't one-size-fits-all. Your family structure, asset values, and goals are unique, and your plan should reflect that.

Here's what proper estate planning looks like:

- ✓ A comprehensive review of your assets, family situation, and goals
- ✓ Professional advice on the most tax-efficient structure for your specific circumstances
- ✓ Properly drafted documents including wills, trusts, and LPAs that actually work
- ✓ Regular reviews to keep your plan current as your life changes

At Medlock & Langley, this is exactly what I provide—and the initial consultation is completely free. You only pay for the services you decide to use.

Next Steps

If you're reading this and recognizing your own situation in any of these mistakes, don't panic. The fact that you're reading this means you're already ahead of the 95% of people who haven't thought about these issues at all.

The question is: what do you do now?

Option 1: Continue as you are and hope for the best. *(Not recommended—hope isn't a strategy.)*

Option 2: Try to fix it yourself with online forms and generic advice. *(Risky—you might create more problems than you solve.)*

Option 3: Get professional advice tailored to your specific situation. *(This is what we'd recommend.)*

We offer free consultations where we'll:

- ✓ Review your current situation and identify any potential problems
- ✓ Calculate what your family's inheritance tax bill would be under current laws
- ✓ Explain your options in plain English (no jargon, no confusing legal terms)
- ✓ Show you the benefits of proper planning

There's no obligation, no pressure, and no cost for the consultation. We only work with people when it makes sense for them.

If you'd like to discuss your specific situation, we're here to help.



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Access to Our Panel of Experts

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