

CASE STUDY

Strategic Payment Structuring in Inheritance
Preserving €22M in Assets & Saving €1.8M in Penalties
for a €280M Family Office

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BACKGROUND

A European family office managing a €280 million multi-jurisdictional portfolio encountered a severe liquidity constraint following the death of its founder in early 2025. The estate comprised corporate shareholdings, direct investments, real estate, multi-currency accounts in Switzerland, Luxembourg, the United Kingdom and the United Arab Emirates, as well as crypto assets held across three custodial wallets.

The underlying structure included 14 legal entities and 23 banking relationships. Upon notification of the death, banks and custodians automatically restricted access to more than €48 million in liquid assets (€27 million in cash and time deposits, €11 million in securities portfolios, and €10 million in corporate liquidity reserves) pending formal probate and registration of the heirs.

At the same time, the heirs were required to settle approximately €14.2 million in inheritance and transfer taxes across four jurisdictions within strict deadlines. Because the necessary funds remained frozen, the family risked significant late-payment interest and penalties in the event of prolonged delays.

Additionally, €3 million in crypto assets could not be actively managed or hedged during the ownership-transfer process, exposing the estate to ongoing market volatility.

PSP Angels was engaged jointly with the family's legal team to design a strategic payment and banking solution that restored liquidity, satisfied regulatory requirements, and preserved capital without breaching succession or tax laws.

SYNTHESIS

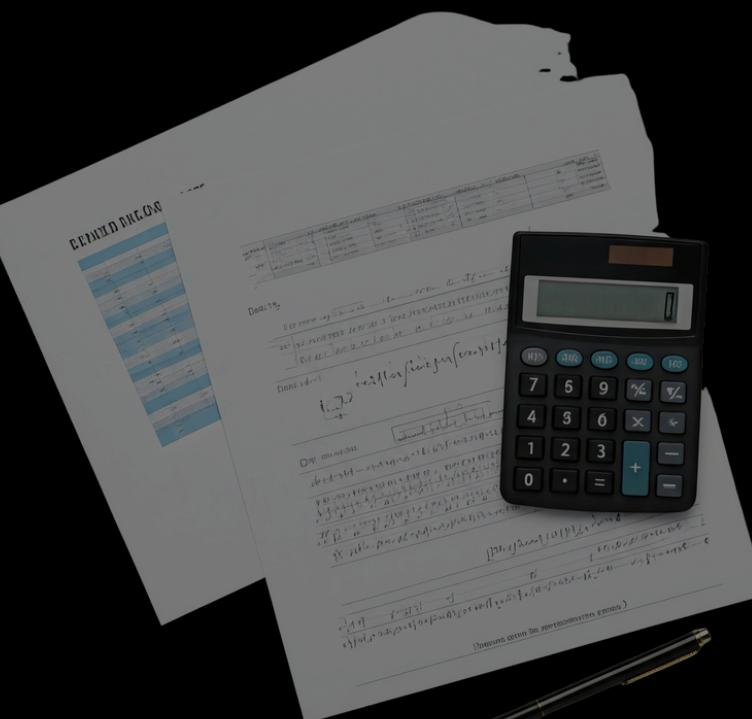
Liquidity Lockdown Analysis

An immediate review of all banking relationships confirmed that **€48 million in liquid assets were frozen pending** updated KYC, UBO registration, and formal succession documentation, with €31.2 million (65%) held at Swiss and Luxembourg private banks and the remaining €16.8 million in operating accounts of UK and UAE holding companies. The inheritance process, together with the standard reactivation timelines across the various banking relationships were estimated between 5 to 8 months, which is significantly longer than the applicable tax payment schedules in Germany, France, and the UK, where first payments or formal tax declarations are typically required within several months following death, generally around 4-6 months depending on jurisdiction, with France and the UK commonly requiring inheritance tax reporting and payment within six months of death in many cases.

Missing or outdated compliance documents further prolonged the process and generated additional monthly custody and administrative fees. Several documents (such as historic source-of-wealth statements dating back more than a decade, translated and notarised original copies for multiple languages, or gathering foreign company tax returns and certificates) were either missing or incomplete. The estate had serious cash flow issues for several months without being able to work with their banks in full capacity. Payments to suppliers, staff, loan facilities, insurance premiums, or property-related expenses needed board resolutions or temporary approvals, creating pressure on day-to-day operations.

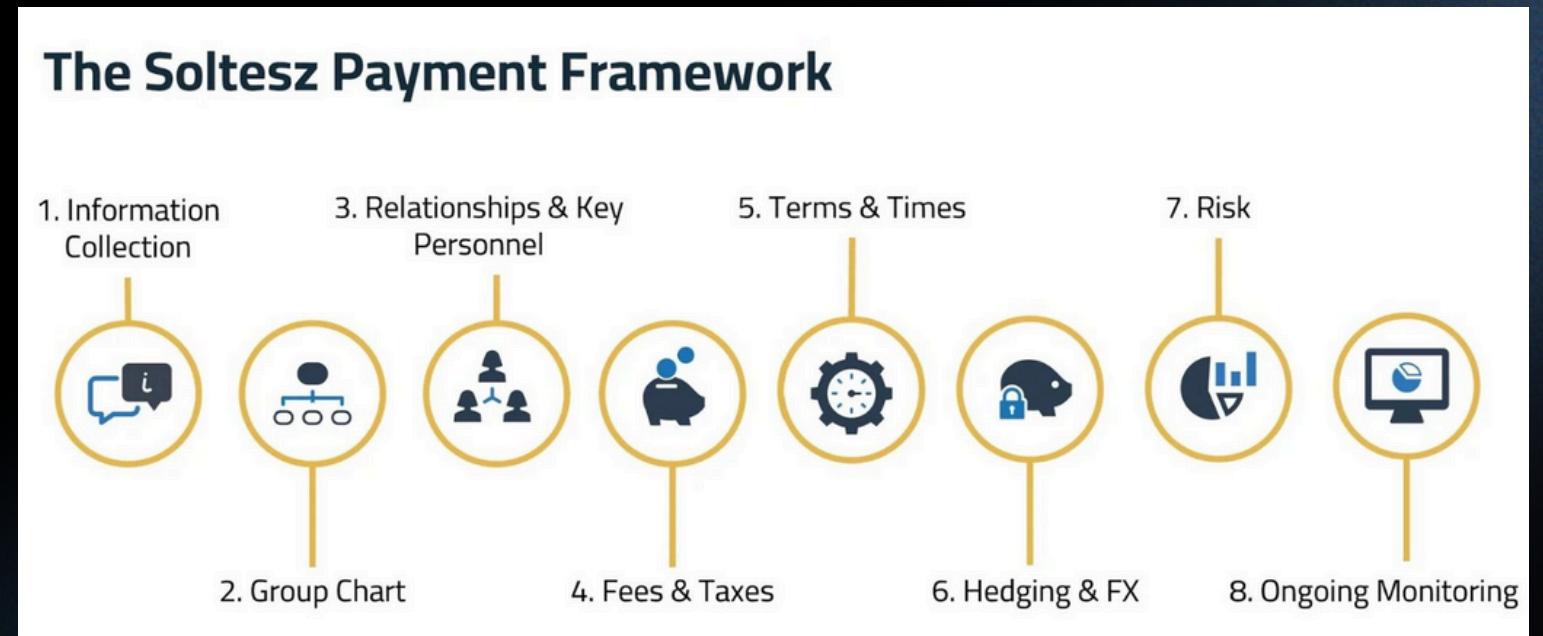
The **€3 million in crypto assets held on three custodial platforms could not be traded or hedged while the exchanges completed full their KYC and source-of-wealth verification, too. This left the position fully exposed to market volatility.**

The estate faced modelled additional costs of approximately €1.8 million in late-payment interest and penalties on the €14.2 million of taxes, using conservative assumptions aligned with local rules (for example, French inheritance tax surcharges combining a fixed 10% penalty with a 0.2% monthly surcharge in the event of late payment, German late-payment interest at 0.15% per month following recent reforms, and UK late-payment interest linked to the Bank of England base rate plus a margin, which in 2025 results in HMRC late-payment interest rates above 6.5-7% per year). This was combined with a stress-tested potential €580-620k downside on the unhedged crypto holdings during periods of higher market volatility and approximately €80k in additional banking, legal, and translation charges, bringing the total quantified risk exposure to around €2.2-2.7 million.



SYNTHESIS

Strategic Structuring and Interim Financing



Applying the Soltesz Payment Framework, we designed a two-tier strategy to restore financial flexibility.

1. Payment Flow Re-Routing and Banking Layering

We established two new intermediary accounts in jurisdictions where inheritance documentation requirements were less restrictive. These accounts, set up under a newly created family holding company, were legally recognised as successors to specific estate entities. Through legal collaboration, limited access mandates were secured from probate courts, allowing transfer of up to €14 million from blocked accounts into these new vehicles under the condition of direct payment to tax authorities.

2. Collateral-Backed Bridge Facility

Parallel to this, €18 million in blue-chip equities and AAA-rated bonds held within the estate were pledged as collateral to secure a 12-month €10 million credit facility from a European private bank. This provided immediate liquidity without triggering early asset sales or tax complications. Once probate finalised, the facility was repaid from the unlocked estate accounts.

Combined, these two steps generated €24 million in available liquidity within 45 days, which was sufficient to meet all initial tax obligations and administrative costs.

3. Crypto

Leveraging the family's existing relationships with regulated financial institutions, we coordinated with a Swiss-based prime broker to establish a synthetic hedge position, effectively neutralizing downside risk for 80% of the portfolio value (€2.4 million). The hedge was structured as a non-recourse arrangement collateralized by a portion of the estate's unfrozen real estate equity (valued at €5 million), ensuring no breach of custodial restrictions or succession protocols.

The total cost of the hedge (premiums and fees) amounted to approximately €120k over a 6-month period, which was offset against potential losses. This approach allowed the family to maintain the underlying crypto holdings intact for long-term appreciation while protecting against market downturns during the probate window.

SYNTHESIS



Currency and Transfer Cost Optimisation

Inheritance taxes were due in EUR, GBP, and CHF. Initial plans by the legal team involved ad-hoc conversions and individual cross-border transfers, which would have incurred approximately 1.2% in FX spreads and around €150k-€250k in transfer-related costs under normal conditions.

However, due to the fragmented nature of the estate's banking structure, **more than 120 individual transactions were initially planned across 7 main banks in 4 jurisdictions**. Each transfer incurred layered charges, including standard bank fees, costs, expedited processing fees for rushed transactions, and enhanced due diligence surcharges triggered by incomplete documentation. **These factors pushed the initial projected total to approximately €450k before optimisation.**

We consolidated all transactions into a single treasury flow and negotiated bulk FX conversions at 0.45%, saving €360k. We further reduced settlement fees from the inflated €450k estimate to €90k by aggregating transfers into one currency, and fewer, larger batches processed through SEPA Instant and SWIFT GPI channels.



Compliance Risk Mitigation

During the process, we identified significant exposure to regulatory reporting delays. **At least 5 banking institutions were preparing suspicious activity reports (SARs) due to repeated inheritance-related queries and frozen transfers.** Specific compliance concerns included incomplete UBO documentation for two Luxembourg accounts, missing source-of-wealth details for a UK holding structure, and a lack of continuity in board appointment records for one of the UAE entities.

We implemented a coordinated communication strategy, ensuring that all banks received synchronised documentation, certified translations, and notarised succession orders, all within 2 weeks.

This significantly reduced processing times and prevented four SAR filings. Based on direct correspondence with the banks, these SARs would likely have resulted in extended reviews and **potential freezes on accounts holding approximately €22 million**. This amount represents the total value of accounts flagged for potential enhanced due diligence rather than a guaranteed freeze but reflects a credible measure of the exposure risk that was successfully mitigated.

CONSOLIDATED FINANCIAL IMPACT

Category	Value (€)	Notes
Interest and Penalty Exposure Avoided	1,800,000	Based on estimated interest and penalty structures across four jurisdictions.
FX and Transfer Savings	630,000	€360,000 on FX and €150k-€250k transfers.
Bridge Facility Opportunity Cost Reduction	800,000-1,000,000	Avoided distressed liquidation of €10m asset block, with estimated 8-10% potential loss based on early 2025 market volatility in thinly traded securities and real estate.
Additional Structuring Savings	80,000	Reduced legal and administration costs through consolidated documentation flow.
Crypto Hedge Cost Savings	460,000	Estimated saving from avoiding potential €580-620k market loss discounted by €120k hedge cost (6-month synthetic hedge on €2.4M crypto exposure).
Compliance Delay Mitigation	22,000,000 (non-monetary)	Conservative estimate of accounts flagged for potential enhanced review.

Total tangible savings reached almost €4 million, with more than €22 million in indirect exposure mitigated.

FINAL ASSESSMENT



The family office initially believed inheritance was a purely legal matter, underestimating the decisive role payment and banking structure would play in ensuring access to liquidity and maintaining control over the estate.

Without strategic intervention, inheritance tax payments totalling €14.2 million would have incurred roughly €1.8 million in penalties and interest, alongside FX and transaction costs of approximately €630k. Forced liquidation of collateral and securities risked losses of up to 10% on €10 million in assets, while unhedged crypto exposure could have resulted in market losses up to €620k.

By employing a multifaceted strategy including payment flow re-routing, collateral-backed bridge financing, and a synthetic hedge for the crypto portfolio—costing around €120k over six months—the family office effectively neutralized downside risk on 80% of its crypto holdings (€2.4 million), reducing the estimated crypto-related market loss by approx. €460k. This approach preserved the estate's long-term crypto appreciation potential while minimizing exposure during probate.

Overall, the integrated payment and banking structuring reduced expected financial costs by nearly €4 million and safeguarded more than €22 million in assets that might otherwise have been locked or subjected to costly delays and regulatory scrutiny. This case exemplifies the pivotal role that advanced financial and crypto risk management strategies play in maximizing wealth preservation and smooth intergenerational asset transfer in complex modern estates.



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