

SUPREME COURT OF INDIANA

Estate of Prickett v. Womersley

905 N.E.2d 1008 (Ind. 2009) · No. 71S03-0808-CV-419 · Decided May 13, 2009

SUMMARY

The Indiana Supreme Court held that a family member's services to an incapacitated person are presumed gratuitous and that the presumption was not rebutted by the ward's written desire to compensate her daughter. Because the ward was subject to a guardianship over her estate, she lacked authority to contract for compensation, and the daughter had not shown an express or implied contract with the guardian or obtained the guardian's approval. The court also held that the daughter's claim could properly be filed against the decedent's probate estate rather than being required to be filed in the guardianship proceeding, but reversed the denial of summary judgment on the gratuitous-services issue.

CASE DETAILS

COURT	Supreme Court of Indiana
WRITING FOR THE COURT	Sullivan, Justice; Shepard, Chief Justice; Dickson, Justice; Boehm, Justice; Rucker, Justice
JURISDICTION	Indiana
DECIDED	May 13, 2009
DOCKET	71S03-0808-CV-419
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The Estate appealed the probate court's denial of its motion for summary judgment. The probate court certified the order for interlocutory appeal, the Indiana Court of Appeals affirmed, and the Indiana Supreme Court granted transfer.
STANDARD OF REVIEW	Summary judgment is reviewed de novo. The reviewing court determines whether the designated evidence shows no genuine issue of material fact and whether the moving party is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	Published, precedential Indiana Supreme Court opinion
PARTIES	Estate of Margaret H. Prickett v. Marilyn Prickett Womersley

TOPICS

guardianship procedure

guardianships

probate procedure

estate administration

contracts

PRACTICE AREAS

probate

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QUESTIONS PRESENTED

1. Whether a claim for personal services rendered to a protected person in a non-fiduciary capacity had to be filed in the guardianship estate rather than in the subsequent probate estate.
2. Whether a family member's evidence that an incapacitated ward wanted the family member to be compensated rebutted Indiana's presumption that services rendered in a family context were gratuitous.
3. Whether the appointment of a guardian of the ward's estate deprived the ward of the legal power to authorize compensation for services or enter into a contract for those services.

HOLDINGS

1. The Guardianship Code does not require a claim for personal services rendered in a non-fiduciary capacity to a protected person to be filed in the guardianship estate rather than in the later probate estate of the deceased protected person.
2. Evidence that an incapacitated ward desired that a family member be compensated does not, by itself, rebut Indiana's presumption that services rendered by family members living together in a family context were gratuitous.
3. A family member cannot rebut the gratuitous-services presumption merely by showing that the ward requested necessary services; absent exigent circumstances, guardian approval is required to secure compensation for family services provided to a protected person.

KEY QUOTATIONS

“Indiana law presumes that services by a family member are rendered gratuitously.” (1009)

“In this case, the presumption cannot be rebutted by evidence that the mother wanted her daughter to be compensated because the mother was under a guardianship and the guardian did not consent.” (1009)

“The very fact that a guardian for her estate had been appointed established, as a matter of law, that she could not make a legally significant request.” (1015)

FACTUAL BACKGROUND

In 1999, the St. Joseph County Probate Court adjudicated Margaret H. Prickett an incapacitated person and appointed co-guardians of her person and 1st Source Bank as guardian of her estate. During the guardianship, Prickett lived with her daughter, Marilyn Prickett Womersley, who provided personal services and paid various expenses. After Prickett died in 2003, Womersley filed an approximately \$546,000 claim against the probate estate, relying in part on a signed statement expressing Prickett's desire that Womersley be compensated; Womersley had not sought reimbursement from the guardian during the guardianship.

PROCEDURAL HISTORY

Margaret H. Prickett was placed under a guardianship of her person and estate in 1999. After her death, Marilyn Prickett Womersley filed a claim against the probate estate for expenses and personal services provided during the guardianship. The probate court denied the Estate's motion for summary judgment, certifying the order for interlocutory appeal; the Court of Appeals affirmed, and the Supreme Court granted transfer. The Supreme Court reversed the denial of summary judgment and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Reverse the trial court's denial of the Estate's motion for summary judgment and remand for proceedings consistent with the opinion.

CASES CITED

- Estate of Prickett v. Womersley, 885 N.E.2d 619 (Ind. Ct. App. 2008)
- In re Guardianship of E.N., 877 N.E.2d 795, 798 (Ind. 2007)
- Harrison v. Bishop, 131 Ind. 161, 30 N.E. 1069, 1071 (1892)
- Peters v. Hanlin, 220 Ind. 175, 41 N.E.2d 604, 605 (1942)
- Schwartz v. Schwartz, 773 N.E.2d 348, 354-356 (Ind. Ct. App. 2002)
- Estate of Hann v. Hann, 614 N.E.2d 973, 979 (Ind. Ct. App. 1993)
- Hill v. Hill, 121 Ind. 255, 23 N.E. 87, 88-89 (1889)
- Cole v. Cole, 517 N.E.2d 1248, 1250 (Ind. Ct. App. 1988)
- Schroeder v. Schroeder, 117 Ind. App. 410, 70 N.E.2d 764, 765 (1947)
- Grout v. Solon, 131 Ind. App. 650, 174 N.E.2d 593, 594 (1961)
- Wyneken v. Long, 400 N.E.2d 1147, 1148 (Ind. Ct. App. 1980)
- Rautenkranz v. Plummer, 75 Ind. App. 269, 130 N.E. 435, 436 (1921)
- Polick v. Indiana Department of Highways, 668 N.E.2d 682, 684 (Ind. 1996)
- In re Guardianship of Hickman, 805 N.E.2d 808, 819 (Ind. Ct. App. 2004)
- Smith v. Husted, 28 Ind. App. 168, 62 N.E. 454, 455 (1902)
- Forker v. Berkes, 111 Ind. App. 92, 38 N.E.2d 296 (1941)

OPINION

SULLIVAN, J.

905 N.E.2d 1008 (2009) ESTATE OF Margaret H. PRICKETT, Deceased, Appellant (Defendant below), v. Marilyn Prickett WOMERSLEY, Appellee (Plaintiff below). No. 71S03-0808-CV-419. Supreme Court of Indiana. May 13, 2009. *1009 Jeffrey P. Smith, David K. Hawk, Fort Wayne,

IN, Attorneys for Appellant. William L. Wilson, Bernard E. Edwards, South Bend, IN, Attorneys for Appellee.

On Petition to Transfer from the Indiana Court of Appeals, No. 71A03-0710-CV-488. SULLIVAN, Justice. A woman seeks compensation for the value of her services while caring for her mother when the mother was subject to a guardianship. Indiana law presumes that services by a family member are rendered gratuitously.

In this case, the presumption cannot be rebutted by evidence that the mother wanted her daughter to be compensated because the mother was under a guardianship and the guardian did not consent. Background In October, 1999, the St. Joseph County Probate Court found that Margaret H. Prickett was an incapacitated person who needed the protection of a guardianship.

The court appointed Real Services, Inc., and a daughter, M. Carolyn Prickett Gutman, as co-guardians of Mrs. Prickett's person, and appointed 1st Source Bank as guardian of her estate. Real Services and Gutman were responsible for providing care for her personal needs, the costs for which were to be overseen and paid by 1st Source. During the guardianship, Mrs. Prickett lived with another daughter, Marilyn Prickett Womersley, who appeared by counsel in the guardianship proceedings.

Mrs. Prickett passed away in February, 2003. Her estate was opened that same month in the same court in which the guardianship was pending. In May, 2003, Womersley filed a claim against the Estate for approximately \$546,000. Womersley sought reimbursement for various expenses and personal services she rendered to her mother during the time they lived together.

Womersley never sought reimbursement *1010 from the guardian; the court eventually terminated the guardianship in 2004 after approving the guardian's final accounting. In 2006, the Estate sought summary judgment with respect to Womersley's claim on two grounds: (1) the expenses and personal services provided by Womersley were, as a matter of law, "gratuitous," and therefore not compensable;^[1] and (2) that any claims asserted by Womersley were time-barred because they were not filed in the guardianship.

In reply, Womersley designated certain evidence that the court concluded created genuine issues of material fact as to whether the services were gratuitous as a matter of law. The probate court denied the Estate's summary judgment motion but did, at the Estate's request, certify its order for interlocutory appeal.

The Court of Appeals affirmed. The Estate sought, and we granted, transfer pursuant to Ind. Appellate Rule 58(A). Estate of Prickett v. Womersley, 885 N.E.2d 619, 628 (Ind.Ct.App.2008). Discussion I "Indiana law allows for the appointment of a guardian to act in the best interests of a person who is unable to care for [her]self or for [her] property. See Ind.Code §§ 29-3-1 to -13 (2004).

In general, the guardian has power to conduct the protected person's affairs." In re Guardianship of E.N., 877 N.E.2d 795, 798 (Ind.2007). Indiana Code § 29-3-5-3(a) provides that a court shall appoint a guardian upon two findings: "(1) the individual for whom the guardian is sought is an incapacitated person[2] or a minor; and (2) the appointment of a guardian is necessary as a means of providing care and supervision of the physical person or property of the incapacitated person or minor...."

As a fiduciary, the guardian "is appointed by a court to be a guardian or conservator responsible as the court may direct for the person or the property of an incapacitated person or a minor." Id. § 29-3-1-6. A court in its discretion may limit the scope of a guardianship by restricting the responsibilities and powers a guardian would otherwise have under the Guardianship Code.

See I.C. § 29-3-5-3(b) (recognizing that an incapacitated person's welfare may be best served by limiting the guardianship). In order to do so, however, the "limitations must be endorsed on the guardian's letters." Id. §§ 29-3-8-8(b), XX-X-X-XX-X.

Moreover, letters of guardianship "are evidence that the guardian has all, and the protected person does not have any, rights to possess and dispose of the guardianship property." Id. § 29-3-7-6(a). However, it is well established that a guardianship does not preclude a ward from executing a will. See *Harrison v. Bishop*, 131 Ind. 161, 30 N.E. 1069, 1071 (1892). *1011 A guardianship terminates by reason of the death of the incapacitated person, I.C. § 29-3-12-1(b), and when it does, the guardian is directed to take specific actions.

Id. § 29-3-12-1(e). Although its powers cease upon the incapacitated person's death, "the guardian may pay the claimant expenses of administration that are approved by the court and exercise other powers that are necessary to complete the performance of the guardian's trust...." Id. In addition, the guardian "may deliver the remaining property for which the guardian is responsible to the protected person's personal representative...."

Id. Finally, the guardian may pay certain expenses that have been approved by the court, including illness and funeral expenses; taxes; statutory allowances to a surviving spouse or children; and any other obligations of the protected person. Id. Here, the court determined that Mrs. Prickett was an incapacitated person after finding that she "[was] unable to manage in whole or in part her property and [was] unable to provide self care."

(App. 37.) Consequently, the court established a guardianship to care for both her person and property, and ordered one limitation on the letters for the co-guardians of her person pursuant to I.C. § 29-3-5-3(b). However, the court imposed no limitations on the power of the guardian of her estate. Conversely, the court did not direct that Mrs. Prickett, an incapacitated person, reserved any such powers over her estate.

Therefore, we conclude that 1st Source Bank, as guardian of Mrs. Prickett's estate, held all the power to possess and dispose of Mrs. Prickett's property pursuant to I.C. § 29-3-7-6, including the power to compensate care-providers, and that Mrs. Prickett retained no such power once the guardianship was established. II The first basis on which the Estate sought summary judgment on Womersley's reimbursement claim was that because Womersley had not filed her claim against the guardianship, she was time-barred from pursuing her claim against the Estate.

The Estate points to several provisions of the Guardianship Code[3] concerning a court's authority to order the payment of claims against a protected person or the protected person's property from which the Estate reasons that for a court to entertain Womersley's claim, it would have had to have been filed in the guardianship.

We agree with the both the probate court and the Court of Appeals that the Guardianship Code "does not require a claim for personal services rendered in a non-fiduciary capacity to a protected person to be filed in the guardianship estate rather than in the subsequent probate estate of the deceased protected person." Estate of Prickett, 885 N.E.2d at 624.

In particular, we agree that I.C. § 29-3-10-1(d) "does not require a claim to be filed *1012 against the guardianship estate in light of the provision that a claim 'may' be filed 'with the court....'" Id. These conclusions are supported by our holding in a somewhat older case, Peters v. Hanlin, 220 Ind. 175, 41 N.E.2d 604, 605 (1942).

In Peters, we allowed the ward's sister, who was not the guardian, to file a claim against the estate for services she provided to the ward: "[The court's] approval need not be obtained nor the debt paid prior to the ward's death. If the obligation then remains unsatisfied, it may be enforced against the ward's estate in the hands of an administrator." Id. We acknowledge that the role and purpose of the guardian of an estate endows the guardian with a competence, if not expertise, when passing on the compensability of claims.

But in the absence of legislative direction mandating a guardian's approval, we are apprehensive of the administrative and other practical consequences of ordering a guardian's review of all claims filed in a probate estate that accrue during a decedent's guardianship. Womersley was not required to pursue her claim in the guardianship proceeding; she properly filed her claim against her mother's estate.

Therefore, the Estate was not entitled to summary judgment on this issue. III The second basis on which the Estate sought summary judgment on Womersley's reimbursement claim was that because Womersley had gratuitously served her mother, she was not entitled to compensation for her services.

We recognize that in general, "[w]here one accepts valuable services from another the law implies a promise to pay for them." Schwartz v. Schwartz, 773 N.E.2d 348, 354 (Ind.Ct.App.2002)

(quoting *Estate of Hann v. Hann*, 614 N.E.2d 973, 979 (Ind.Ct.App.1993)). Indeed, this principle appropriately applies to general creditors. "However, where the parties are family members living together, and the services are rendered in the family context, no implication of a promise to pay by the recipient arises."

Id. at 355. Instead, in these circumstances, the rebuttable presumption is that services are gratuitous. See *Hill v. Hill*, 121 Ind. 255, 23 N.E. 87, 88-89 (1889); *Cole v. Cole*, 517 N.E.2d 1248, 1250 (Ind.Ct.App.1988) (citing *Schroeder v. Schroeder*, 117 Ind.App. 410, 70 N.E.2d 764, 765 (1947)).

The public policy advanced by this presumption is that family members "have reciprocal, natural, and moral duties to support and care for each other." *Cole*, 517 N.E.2d at 1250. To rebut the presumption that her services were rendered gratuitously, Womersley relied on the typed and signed "Statement of Margaret H. Prickett."

The statement expressed Mrs. Prickett's desire that the guardian of her estate compensate Womersley for her services. Womersley submitted affidavits of two people who witnessed Mrs. Prickett's execution of the statement and opined that Mrs. Prickett had been "well aware of what she was doing and her intentions when she executed the [statement]." (App. at 66, 69.)

Our state has traditionally recognized only one way to rebut the presumption that services were rendered gratuitously, which requires evidence of an express or implied contract. *Schroeder*, 117 Ind.App. at 412, 70 N.E.2d at 765. Rebutting the presumption in this manner requires the family member to demonstrate two specific elements: "an intention on the part of recipient of the services to pay or compensate therefor, and an expectation of pay or compensation on the part of the one rendering the services."

Grout v. Solon, 131 Ind.App. *1013 650, 174 N.E.2d 593, 594 (1961). In the present case the Court of Appeals suggested two additional ways to rebut the presumption that services rendered by a family member are gratuitous: "Where a claimant has paid bills and debts on the decedent's behalf," *Estate of Prickett*, 885 N.E.2d at 627 (citing *Forker v. Berkes*, 111 Ind.App.

92, 38 N.E.2d 296 (1941));[4] and "when the ward had requested services and the services were necessary," *Estate of Prickett*, 885 N.E.2d at 627-28 (citing *Wyneken v. Long*, 400 N.E.2d 1147, 1148 (Ind.Ct.App.1980)). Based on the second of these two points and relying on *Wyneken*, the Court of Appeals concluded that Mrs. Prickett's desire for Womersley to be paid expressed in her written statement rebutted the presumption that Womersley had acted gratuitously.

Id. A Traditionally, the sole method of rebutting the presumption requires evidence of either an implied or express contract formed by both intention and expectation. *Grout*, 131 Ind.App. at 655, 174 N.E.2d at 594. Mrs. Prickett, however, could not enter into contracts at the time she executed

the statement because she had already been adjudicated an incapacitated person under the Guardianship Code.

See I.C. § 29-3-8-5(b) ("Every contract, sale, or conveyance executed by a protected person is void...."). Womersley maintains that the Court of Appeals in Schwartz "recognized well-established law holding that an implied contract can exist between the protected person and provider of services." (Resp't Pet. Transfer 3.) See *Schwartz v. Schwartz*, 773 N.E.2d at 355.

Though this contention may be true for general creditors or non-family members, when the provider is a family member, the implied contract must exist between that person and the incapacitated person's guardian. This was in fact the situation in Schwartz.

The Schwartz court recounted the providing family member's conversation with the guardian, not the incapacitated person, regarding compensation. *Schwartz*, 773 N.E.2d at 355-56 ("[D]id you ever have any conversations with the estate guardian about compensation for her coming in there?... Yes.").

The court then concluded that the guardian and family member had "established the existence of an implied contract for services rendered on [the incapacitated person's] behalf." *Id.* at 356. In this case, Womersley failed to produce evidence that she had an express or implied contract with her mother's guardian.

Therefore, she failed to rebut the presumption under the traditional analysis. B As noted supra, the Court of Appeals relied on its decision in *Wyneken v. Long*, 400 N.E.2d 1147, to hold that the presumption that family services are provided gratuitously may be rebutted by evidence that the "ward had requested services and the services were necessary." *Estate of Prickett*, 885 N.E.2d at 627-28.

It is true that *Wyneken* said that "[a]lthough the law will not enforce an express contract against an incompetent, the law will allow a recovery against the incompetent's estate for the reasonable value of necessary services rendered at the request of the incompetent." 400 N.E.2d at 1148 (citing *Rautenkranz v. Plummer*, 75 Ind.App. 269, 130 N.E. 435 (1921)).

But the Court of Appeals was *1014 wrong to rely on *Wyneken* without examining its factual context. *Grout* and *Schwartz* each bears a close factual resemblance to this case. The family member seeking reimbursement in *Grout* was the ward's son; in *Schwartz*, the ward's daughter and granddaughter sought reimbursement.

The factual context for *Wyneken* (and the *Rautenkranz* case on which *Wyneken* relies) is markedly different. In *Wyneken*, the ward requested a lawyer's services to challenge the "existence or the propriety of the guardianship." *Wyneken*, 400 N.E.2d at 1148. (In *Rautenkranz*, too, the ward had requested legal services to challenge the guardianship and remove the guardian.

75 Ind.App. 269, 130 N.E. at 436.) Neither Wyneken nor Rautenkranz involved family members seeking to rebut the presumption that family services are rendered gratuitously; they involved claims that services rendered to a ward were compensable even if not approved by the guardian.

We can readily see that claims not honored by a guardian might well be approved on the facts of Wyneken and Rautenkranz where, to quote the Rautenkranz court, lawyers should be able to "recover compensation for services rendered in such an action, as for necessities, if such services are faithfully and intelligently performed." Id. at 436. But these cases suggest no grounds for rebutting the presumption that family services are rendered gratuitously.

We acknowledge that Wyneken also suggests that exigent circumstances may warrant compensation for necessary services that were performed without approval of the guardian. 400 N.E.2d at 1148. But in the absence of the exigent circumstances, the guardian's approval is required in order to secure compensation for those services. Like implied contracts under Grout and Schwartz, the exigent circumstances exception straightforwardly applies when the provider is a non-family member or general creditor.

When the provider is a family member, however, further evidence is needed to rebut the presumption that the services were gratuitous. An exception on a showing of no more than exigent circumstances would consume the presumption's rule.

In any event, Womersley presented no evidence of any exigent circumstances to justify the failure to obtain the guardian's approval of her compensation. As such, there is no question of whether her services were "necessaries," to use the Wyneken formulation. That is, even under Wyneken, 1st Source Bank's approval would have been required to secure payment for her services.

C Finally, Womersley relies on a statutory change and other Indiana cases to argue that "when a court determines that a person is incapacitated, no presumption or inference arises that the person is not mentally competent." (Resp't Pet. Transfer 6.) She points to the fact, which we acknowledge, that the word "incompetent" in Guardianship Code was replaced with "incapacitated" in 1989.

In re Guardianship of Hickman, 805 N.E.2d 808, 819 (Ind.Ct.App.2004). We have defined "incompetent" as "one `who is under the age of eighteen years or is incapable by reason of insanity, mental illness, or other incapacity of either managing his property or caring for himself or both.'" Polick v. Ind. Dep't of Highways, 668 N.E.2d 682, 684 (Ind.1996) (quoting Ind.Code Ann. § 34-4-16.5-2(3) (West 1986)).

On the other hand, we have observed that "incapacity... under its statutory definition exists regardless of the person's mental competence when a person is unable to provide self-care because of physical illness or infirmity." Polick, 668 N.E.2d at 684 (citing I.C. §§ 29-3-1-7.5, 34-4-16.5-8). *1015 We do not see the distinction between "incompetency" and "incapacity" as affecting the outcome of this case.

Indeed, Womersley's assertion runs counter to both the facts of this case and the overall purpose of a guardian of an estate. If the probate court had found that although physically incapacitated, Mrs. Prickett was still able to manage her estate, it would have either designated a guardian over only her person, placed limitations on the letters of the guardian of her estate, or directed that she reserved certain powers.

In the absence of such limitations or direction, we must conclude that the court appointed a guardian over Prickett's estate because she was unable to manage her property. The appointment of a guardian of her estate deprived Mrs. Prickett of the power to dispose of her property.

The Court of Appeals was thus incorrect to say that "the Estate presented no evidence establishing that Prickett was incapacitated to the extent that she could not make a legally significant request." Estate of Prickett, 885 N.E.2d at 628.

The very fact that a guardian for her estate had been appointed established, as a matter of law, that she could not make a legally significant request. Conclusion The evidence Womersley designated does not as a matter of law rebut the presumption that she gratuitously served her mother.

We reverse the trial court's denial of summary judgment and remand for proceedings consistent with this opinion. SHEPARD, C.J., and DICKSON and BOEHM, JJ., concur. RUCKER, J., concurs in result without separate opinion. NOTES [1] The parties do not distinguish between the expenses and personal services, and Indiana law appears to extend the presumption that services are gratuitous to expenses as well.

Smith v. Husted, 28 Ind.App. 168, 62 N.E. 454, 455 (1902). [2] Indiana Code § 29-3-1-7.5 defines an "incapacitated person" as an individual who: (1) cannot be located upon reasonable inquiry; (2) is unable: (A) to manage in whole or in part the individual's property; (B) to provide self-care; or (C) both; because of insanity, mental illness, mental deficiency, physical illness, infirmity, habitual drunkenness, excessive use of drugs, incarceration, confinement, detention, duress, fraud, undue influence of others on the individual, or other incapacity; or (3) has a developmental disability (as defined in IC XX-X-X-XX).

[3] The Estate contends that the following provisions of the Guardianship Code establish, as a matter of law, that Womersley was required to file her claim in the guardianship: (b) Upon order of the court, a guardian shall pay from the protected person's property for which the guardian is responsible any claim against the protected person or the protected person's property, that the court determines has merit. (d) Any person having a claim against the protected person or the protected person's property or against the guardian as such may file the claim with the court at any time before the claim is barred by the statute of limitations and, upon proof of the claim, procure an order for its allowance and payment from the guardianship property.

I.C. § 29-3-10-1. [4] Contrary to our colleagues, we do not find a claimant having paid bills and debts on a decedent's behalf to be a recognized exception to the presumption that a family member's services are rendered gratuitously.

The Forker case does not stand for this proposition.