



The Insolvency
Service

Insolvency Practitioner Regulation Section
16th Floor
1 Westfield Avenue
Stratford
London
E20 1HZ

Email: Dear.IP@insolvency.gov.uk
www.gov.uk/government/organisations/insolvency-service

DEAR INSOLVENCY PRACTITIONER Issue 163 – March 2024

Dear Reader,

Please find enclosed the latest articles from the Insolvency Service:

In this issue:

Chapter 6 Companies House

Article 39 Companies House begins phased roll out of new powers under the Economic Crime and Corporate Transparency Act 2023 (ECCT Act)

Chapter 13 General

Article 120 Debt Relief Orders: Changes to support people with problem debt

Chapter 13 General

Article 121 FCA Guidance Consultation - GC24/1: Proposed amendments to FG21/4 (Guidance for insolvency practitioners on how to approach regulated firms)

39) Companies House begins phased roll out of new powers under the Economic Crime and Corporate Transparency Act 2023 (ECCT Act)

The Economic Crime and Corporate Transparency Bill received royal assent in October 2023 and introduced 4 new objectives for the registrars:

1. to ensure that anyone who is required to deliver a document to the registrar does so (and that the requirements for proper delivery are complied with),
2. to ensure information contained in the register is accurate and that the register contains everything it ought to contain,
3. to ensure that records kept by the registrar do not create a false or misleading impression to members of the public,
4. to prevent companies and others from carrying out unlawful activities or facilitating others to carry out unlawful activities.

From Monday 4 March 2024, Companies House started to use the new and enhanced powers to improve the quality and reliability of its data and tackle misuse of the companies register.

Changes introduced include:

1. new rules for registered office addresses (all companies must have an appropriate address at all times - they will not be able to use a PO Box as their registered office address),
2. a requirement for all companies to supply a registered email address,
3. a requirement for subscribers to confirm they are forming a company for a lawful purpose when they incorporate, and for a company to confirm its intended future activities will be lawful on its confirmation statement,
4. stronger checks on company names,
5. greater powers to query information and request supporting evidence,
6. greater powers to tackle and remove factually inaccurate information,

7. the ability to share data with other government departments and law enforcement agencies.

New criminal offences and civil penalties will complement the measures introduced.

Updated forms

Companies House forms have been updated to reflect these changes and you should replace any existing forms that you have with the new versions. To avoid rejection, care should be taken to make sure the new forms are correctly completed:

- It is important to make sure you are using the correct postcode and county/region in a company's registered office address on the AD01 form.
- There is a new tick box on the AD01 form under the 'appropriate registered office address' section to confirm that the new registered office address is an appropriate address. You must tick this box before submitting the form.
- A copy of the Declaration of Solvency is required on the LIQ01 form and not the original. A new LIQ01 is available on GOV.UK for your use.

Some fees are increasing from 1 May 2024

Companies House fees are set on a cost recovery basis. This means that the fees must cover the cost of the services Companies House delivers. Some of the fees will increase on 1 May 2024:

<https://changestoukcompanylaw.campaign.gov.uk/changes-to-companies-house-fees/>.

The work that has begun is the first step into the future of Companies House. A future where Companies House can be confident of the accuracy of the information on its registers, where it can question and investigate the information provided, and where it works with law enforcement agencies to counter economic crime.

Future changes will include the introduction of identity verification for all new and existing registered company directors, people with significant control, and those who file on behalf of companies – including Insolvency Practitioners.

120) Debt Relief Orders: Changes to support people with problem debt

In his [Spring Budget](#) on 6 March 2024 the Chancellor Jeremy Hunt announced changes to Debt Relief Orders (DROs) to help people in problem debt get a fresh start with their finances and access the support they need.

As a result, the government is introducing the following changes to DROs:

- From 6 April, the £90 administration fee DRO applicants need to pay will be permanently removed.
- From 28 June, the maximum amount of debt that an individual entering a DRO can hold will be increased from £30,000 to £50,000, allowing more people to apply.
- The value of a single motor vehicle that can be disregarded from the total value of a DRO applicant's assets will be increased from £2,000 to £4,000. This will help DRO applicants retain a personal vehicle as a method of transport they rely on by increasing the value to reflect the current market better.

The announcement of the changes does not alter the existing process for accessing a DRO until the changes come into force.

Insolvency Practitioners have an obligation to ensure that people in financial difficulty are provided with all relevant information to make an informed decision on the right solution for their individual circumstances. Those who supervise IVAs should consider the impact of the changes to the DRO criteria on their portfolio and if necessary, put in place a policy to review cases consistently.

When determining when to review cases, Insolvency Practitioners should look at consumers' individual circumstances in order to decide whether this should happen immediately or at their annual review.

Enquiries regarding this article may be sent to:
Policy.Unit@insolvency.gov.uk

121) FCA Guidance Consultation - GC24/1: Proposed amendments to FG21/4 (Guidance for Insolvency Practitioners on how to approach regulated firms)

The Financial Conduct Authority (FCA) has published a [consultation](#) on proposed amendments to FG21/4 - Guidance for Insolvency Practitioners on how to approach regulated firms (the Guidance). The proposed amendments reflect legal, regulatory and economic changes since the Guidance was first published and also seek to improve clarity and provide further information on certain aspects.

The Guidance is aimed at Insolvency Practitioners (IPs) appointed over firms solely authorised or registered by the FCA. It may also be relevant for IPs appointed over firms that are dual regulated by the FCA and Prudential Regulation Authority (PRA).

Some of the more substantive amendments and the reasons for proposing them are summarised below:

Introduction of the Consumer Duty

The Consumer Duty introduces higher and clearer standards of consumer protection across financial services and requires firms to act to deliver good outcomes for retail customers.

FCA rules require firms to consider the needs, characteristics and objectives of their customers – including those with characteristics of vulnerability – and how they behave, at every stage of the customer journey. As well as acting to deliver good customer outcomes, firms will need to understand and evidence whether those outcomes are being met. The Consumer Duty came into effect on 31 July 2023 for new and existing products and services that are open to sale (or renewal). From 31 July 2024, the Consumer Duty will apply to the products and services of firms held in closed books.

FCA rules, including those relevant to the Consumer Duty, continue to apply to firms in insolvency, up until their permissions are cancelled. Changes have therefore been made to the Guidance setting out the FCA's expectation that IPs conduct the affairs of the firm in a way that is compatible with the Consumer Duty.

The Court of Appeal decision in In The Matter of Ipagoo LLP

The Court of Appeal in the Ipagoo decision held that the Electronic Money Regulations 2011 do not create a statutory trust over relevant funds held by an Electronic Money Institution (EMI), but that the ‘asset pool’ includes relevant funds that have been properly safeguarded and an amount equivalent to relevant funds that should have been safeguarded but were not.

Changes have been made to the Guidance to reflect the FCA’s understanding of the *Ipagoo* decision so that IPs are aware of and understand the need to top-up the asset pool where there is a shortfall in safeguarded relevant funds.

Availability of Financial Services Compensation Scheme (FSCS) protection for customers of payment and electronic money firms where a credit institution holding safeguarding deposits fails

In March 2023, the PRA amended its rules to make FSCS depositor protection available to eligible customers of an EMI/payments institution (PI) in respect of their relevant proportion of safeguarded funds, should a credit institution holding the safeguarded deposits fail.

Changes have been made to the Guidance to reflect that whilst eligible customers of an EMI or PI may receive FSCS protection in certain circumstances where the credit institution that holds their safeguarded funds fails, IPs should avoid giving customers misleading impressions on the protection they can receive from the FSCS. This is because the availability of FSCS depositor protection depends on the particular facts of the case.

In addition, we have updated the Guidance to reflect that, where FSCS protection is available following the failure of a PRA authorised credit institution holding safeguarded deposits, an IP should liaise with the FSCS, including to consider whether clients/creditors need to be involved.

The FCA welcomes views on the proposed amendments by 30 April 2024. Respondents can use the online response form or email responses to gc24-1@fca.org.uk

Subject to the responses received, the FCA intends to publish the finalised amended guidance later this year.