



Subject: Corporate Transparency and Register Reform

Published by: Department for Business, Energy & Industrial Strategy

Publication Date: 5th May 2019

Closing Date: 5th August 2019

Response Date: 5th August 2019

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Representation: The CCUA Policy & Reform Committee has drawn upon the views of the CCUA membership and corresponded with various other relevant organisations.

Introduction

The Civil Court Users Association (“CCUA”) welcomes the opportunity to contribute to the consultation from the Department for Business Energy & Industrial Strategy on this important subject.

The CCUA seeks to work with other stakeholders in a constructive and balanced manner, to achieve an efficient and cost effective court service for its members which is also fair and proportionate for all court users.

Our members issue around 85% of all money claims in the County Court in England and Wales and handle a large volume of repossession claims, particularly those brought by mortgage lenders. Our members include businesses operating within the financial services sector, utilities, legal firms, insolvency practitioners, enforcement agents, plus many others.

Our overall view

The CCUA welcomes these reforms as it believes that an increase in transparency and oversight in relation to company registration will help to combat financial crime. The proposals are broadly reasonable and proportionate and we consider that they are a positive development.

Response to specific questions asked

The case for verifying identities

Q1. Do you agree with the general premise that Companies House should have the ability to check the identity of individuals on the register? Please explain your reasons.

Yes because this will help mitigate against fraud and should be supported by due diligence processes already carried out by businesses.

Q2. Are you aware of any other pros or cons government will need to consider in introducing identity verification?

This will place an administrative burden on smaller companies but this will be minimal and the benefits should outweigh this.

Q3. Are there other options the government should consider to provide greater certainty over who is setting up, managing and controlling corporate entities?

No. We agree that is not appropriate to link the process to UK bank accounts as not all companies have bank accounts and this would be unduly onerous.

How identity verification might work in practice

Q4. Do you agree that the preferred option should be to verify identities digitally, using a leading technological solution? Please give reasons.

Yes. This appears to be the most cost effective and efficient approach.

Q5. Are there any other issues the government should take into account to ensure the verification process can be easily accessed by all potential users?

No.

Q6. Do you agree that the focus should be on direct incorporations and filings if we can be confident that third party agents are undertaking customer due diligence checks? Please give reasons.

Yes, this is logical given that these third party agents will be regulated and supervised under the Money Laundering Regulations 2017.

Q7. Do you agree that third party agents should provide evidence to Companies House that they have undertaken customer due diligence checks on individuals? Please give reasons.

Yes – this would provide a sensible level of oversight and assurance that these are being carried out in practice.

Q8. Do you agree that more information on third party agents filing on behalf of companies should be collected? What should be collected?

Yes – we agree that more information should be collected including details of the agent's AML supervisory body and AML registration number, as well as contact details. We also suggest that they are required to complete a statement of truth confirming that they have carried out the checks and are confident that they are accurate and complete.

Q9. What information about third party agents should be available on the register?

We suggest that name and contact details for any third party agents including an email address are available on the register.

Who identity verification would apply to and when

Q10. Do you agree that government should (i) mandate ID verification for directors and (ii) require that verification takes place before a person can validly be appointed as a director? Please set out your reasons

Yes this is reasonable and proportionate. It will mitigate against the possibility of fraud.

Q11. How can verification of People with Significant Control be best achieved, and what would be the appropriate sanction for non-compliance?

We support the verification of identity of People with Significant Control (PSC), but believe that this should be voluntary with unverified PSCs flagged on the register. Please bear in mind that the PSC may not always be an individual and may be another Company, therefore relevant verification for Companies will also be required.

Q12. Do you agree that government should require presenters to undergo identity verification and not accept proposed incorporations or filing updates from non-verified ones? Please explain your reasons.

We believe that this is reasonable, provided that presenters will only need to go through the verification process once. This requirement will create small amounts of administration for companies but will ensure high levels of security, so would be a positive development.

Q13. Do you agree with the principle that identity checks should be extended to existing directors and People with Significant Control? Please give reasons.

We agree with this principle and believe that this would be necessary in order for the system to operate properly.

Requiring better information about shareholders

Q14. Should companies be required to collect and file more detailed information about shareholders?

Yes – the information which it is proposed to gather is basic (corporate name and registered or principal office for corporate shareholders, and name, address and date of birth for individual shareholders) and we consider that this should be straightforward to achieve.

Q15. Do you agree with the proposed information requirements and what, if any, of this information should appear on the register?

We agree with the proposed information requirements. Clearly information relating to individual shareholders should not appear on the register.

Q16. Do you agree that identity checks should be optional for shareholders, but that the register makes clear whether they have or have not verified their identity? Please give reasons.

We agree that identity checks should be optional for shareholders, but that the register should indicate whether or not this has been done. It would create a huge administrative burden if this were an absolute requirement.

Linking identities on the register

Q17. Do you agree that verification of a person's identity is a better way to link appointments than unique identifiers?

We have no views on this.

Q18. Do you agree that government should extend Companies House's ability to disclose residential address information to outside partners to support core services?

Yes provided that this was fully compliant with all data protection legislation.

Reform of the powers over information filed on the register

Q19. Do you agree that Companies House should have more discretion to query information before it is placed on the register, and to ask for evidence where appropriate?

Yes this appears to a sensible and positive development.

Q20. Do you agree that companies must evidence any objection to an application from a third party to remove information from its filings?

Yes.

Reform of company accounts

We do not propose to submit responses to these questions.

Clarifying People with Significant Control exemptions

Q24. Should some additional basic information be required about companies that are exempt from People with Significant Control requirements, and companies owned and controlled by a relevant legal entity that is exempt?

We agree that this would be appropriate.

Dissolved company records

Q25. Do you agree that company records should be kept on the register for 20 years from the company's dissolution? If not, what period would be appropriate and why?

We believe that the 20 year period is a sensible length of time, and represents a balance between the ability to access relevant information, and erasure of information after a period of time.

Public and non-public information

Q26. Are the controls on access to further information collected by Companies House under these proposals appropriate? If not, please give reasons and suggest alternative controls?

Yes, the proposed controls appear appropriate.

Information on directors

Q27. Is there a value in having information on the register about a director's occupation? If so, what is this information used for?

We cannot see the purpose of listing information about a director's occupation, particularly as 40% of directors list their occupation as "director".

Q28. Should directors be able to apply to Companies House to have the "day" element of their date of birth suppressed on the register where this information was filed before October 2015?

It is unfortunate that this cannot be done automatically for all directors where information was filed before October 2015. It should definitely be possible for directors to apply to suppress the "day" element of their date of birth on the register.

Q29. Should a person who has changed their name following a change in gender be able to apply to have their previous name hidden on the public register and replaced with their new name?

Yes this is a sensible suggestion.

Q30. Should people be able to apply to have information about a historic registered office address suppressed where this is their residential address? If not, what use is this information to third parties?

Yes this is a sensible suggestion.

Q31. Should people be able to apply to have their signatures suppressed on the register? If not, what use is this information to third parties?

Yes this is a sensible suggestion.

Compliance, intelligence and data sharing

Q32. Do you agree that there is value in Companies House comparing its data against other data sets held by public and private sector bodies? If so, which data sets are appropriate?

We agree that it would be beneficial for Companies House to compare data sets with the HMRC, the register of births and deaths, and supervisory bodies such as the Office for Professional Body Anti-Money Laundering Supervision.

Q33. Do you agree that AML regulated entities should be required to report anomalies to Companies House? How should this work and what information should it cover?

We agree in principle but it is not clear whether this requirement would extend to very minor anomalies, and consider that this proposal should be considered in detail, to ensure that this is not unduly onerous.

Q34 Do you agree that information collected by Companies House should be proactively made available to law enforcement agencies, when certain conditions are met?

Yes this seems sensible.

Q35. Should companies be required to file details of their bank account(s) with Companies House? If so, is there any information about the account which should be publicly available?

We consider that it would be unduly onerous for companies to be required to file details of their bank account(s) with Companies House, particularly as some companies may have multiple bank accounts.

Other measures to deter abuse of corporate entities

Q36. Are there examples which may be evidence of suspicious or fraudulent activity, not set out in this consultation, and where action is warranted?

We do not have any further examples.

Q37. Do you agree that the courts should be able to order a limited partnership to no longer carry on its business activities if it is in the public interest to do so?

Yes this seems sensible.

Q38. If so, what should be the grounds for an application to the court and who should be able to apply to court?

We suggest that this mirrors the requirements for limited companies and that the bodies referred to should be able to make the application too.

Q39. Do you agree that companies should provide evidence that they are entitled to use an address as their registered office?

Yes this seems sensible as it would mitigate against fraud.

Q40. Is it sufficient to identify and report the number of directorships held by an individual, or should a cap be introduced? If you support the introduction of a cap, what should the maximum be?

We believe that it is sufficient to identify and report the number of directorships held by an individual, as there will often be good reasons why an individual holds a certain number of directorships.

Q41. Should exemptions be available, based on company activity or other criteria?

If the cap system is considered further, then multiple directorships relating to companies in the same group should be excluded from any calculation.

Q42. Should Companies House have more discretion to query and possibly reject applications to use a company name, rather than relying on its post-registration powers?

Yes this seems sensible.

Q43. What would be the impact if Companies House changed the way it certifies information available on the register?

It appears that Certificates of Good Standing only state the information which is publicly available and we agree that if there is evidence that these are being misused, then it would be a positive development for the certificates to make clear that they are simply statements of fact based on public information rather than an opinion on the merits of the company.

Q44. Do you have any evidence of inappropriate use of Good Standing statements?

We have no evidence of this.