Business, Energy and
Industrial Strategy Committee
House of Commons, London SW1A 0AA
020 7219 4494 - beiscom@parliament.uk - www.parliament.uk/beis - @CommonsBEIS

Louise Smyth
Chief Executive
Companies House
[by email]

10 August 2022

Fraudulent company and bank account registrations

Dear Louise,

I am very concerned about the sheer volume of fraudulent company and bank account registrations taking place this year. Of the 750,000 companies registered this year alone, it has been estimated that at least 150,000 are fraudulent.

These companies are being registered by organised crime networks using the names and addresses of victims across the country. These victims then have the burden of proof to show that they are an innocent victim, instead of the company director being required to prove their own identity. In some cases, where registrations for shareholders with significant control are made, victims only have recourse to the courts to resolve the issue.

Whilst I appreciate that Companies House is only a register of companies - currently without legal mandate to verify identities and addresses - I was concerned to hear evidence that these fraudulent companies have been able to set up bank accounts and access overdraft and credit card facilities. Given the Know Your Client obligations placed on banks I am unsure as to how this can happen.

The Government has committed to introducing an Economic Crime Bill in this session which, as I understand it, will try to address these issues. Whilst we wait for that bill, and so that my Committee can properly scrutinise its provisions to ensure it adequately deals with this issue, please can you answer the following questions:

- What powers and responsibilities does Companies House have to verify the identity and addresses of directors, shareholders and companies?
- What measures are in place to identify and prevent fraudulent registrations?
- What provisions would you like to see in an Economic Crime Bill to enable action to be taken to prevent fraudulent company and bank account registrations?
- What support are you currently able to provide to the victims of fraudulent registrations?

I am writing in similar terms to the Chief Executive of UK Finance in relation to provision of banking facilities to fraudulent companies.

Please can I have a response to this letter by Wednesday 7th September.

I am copying the Chairs of the Treasury and Home Affairs Select Committees for their information.

Yours sincerely,

DARREN JONES MP
Chair of the Business, Energy and Industrial Strategy Committee