



Business and Trade Committee

House of Commons, London SW1A 0AA

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Kevin Hollinrake, MP
Minister for Enterprise, Markets and Small Business
Department for Business and Trade
[by e-mail]

07 February 2024

Dear Kevin

Thank you for providing oral evidence on tackling economic crime at the Business and Trade Committee on 6 February. This session highlighted the multiple threats facing the UK.

1. **The use of UK companies by hostile state and non-state actors.** Iran is using the UK's corporate registration regime to enable sanctions evasion. This is not an isolated problem, but part of a broader pattern of abuse of UK-based corporate vehicles, including those linked to fraud, terrorism and money laundering.
2. **Industrial scale identity fraud.** I note that Companies House received more than 10,000 applications in 2021-22 disputing falsely registered addresses along with 2,000 applications to remove directors from the corporate register who were incorrectly listed as running companies.¹ Some victims have reported finance being fraudulently taken out in their names, while other cases have involved serious organised crime and sanctions evasion.
3. **The fragmented response to economic crime and sanctions evasion.** The UK's approach to economic crime involves too many actors and limited accountability for the outcomes of the whole system. Bearing in mind the economic significance of the UK's financial and professional services industries, there are gaps in our defences that can be exploited by those looking to harm us and our allies.

Those observations prompt two important questions:

- First, academics have produced a range of estimates of the annual cost of fraud to UK businesses ranging up to £157.8 billion.² The Public Accounts Committee has observed that Government lacks a current estimate of the cost of fraud to UK businesses.³ Will the Government commit to publishing such an estimate?
- Secondly, will the Department for Business and Trade publish (a) its estimate of the scale of identity fraud on the Companies House corporate registry and (b) its plan to tackle such cases?

¹ [Getting Companies House in order: the rise of fraud on the UK's company register](#), 18 April 2023

² See, estimate of private sector fraud losses in 2023 under the [Annual Fraud Indicator](#), 2023

³ [Progress Combatting Fraud](#), 31 March 2023

Fragmented departmental and agency responsibilities.

The BTC oral evidence session on 6 February revealed a confusing response by Government to economic crime governance. As promised, will the Department supply the Committee with a clear diagram breaking down which departments and agencies are responsible for tackling the various elements of economic crime?

Preventing hostile actors and states from abusing company registrations.

The UK's financial markets are being abused to the detriment of businesses, households and the national interest. This seriousness of this problem cannot be understated. NECC Director Adrian Searle described the UK as a 'top five' destination for economic criminals.

- Will the Department set out its estimate of the scale of abuse of UK corporate vehicles to evade sanctions?
- Will the Department set out the steps that it is taking to tackle the abuse of Limited Partnerships (LLPs)?
- Will the Department supply its targets for 2024-25 on challenging sanctions evasion, including the use of the new Office for Trade Sanctions Implementation?

A response to this letter is expected by 21 February 2024 to facilitate further scrutiny work.

Kind regards

A handwritten signature in black ink, appearing to read "Adrian Searle". The signature is fluid and cursive, with a long horizontal stroke extending to the right.