STEP response to the three consultations on the proposed reforms to the powers and role of Companies House

About Us

STEP is the worldwide professional association for those advising families across generations. We help people understand the issues families face in this area and promote best practice, professional integrity and education to our members.

Today we have over 22,000 members in over 100 countries and over 8,000 members in the UK. Our membership is drawn from a range of professions, including lawyers, accountants and other specialists. Our members help families plan for their futures: from drafting a will or advising family businesses, to helping international families and protecting vulnerable family members.

We take a leading role in explaining our members’ views and expertise to governments, tax authorities, regulators and the public. We work with governments and regulatory authorities to examine the likely impact of any proposed changes, providing technical advice and support and responding to consultations.

STEP welcomes the opportunity to comment on the three consultations which cover proposed wide ranging reforms to the powers and role of Companies House, which were published on 09 December 2020.

Purpose of the paper

1. In this paper the Society of Trust and Estate Practitioners (‘STEP’) makes an overall submission in response to the three consultation papers released by Companies House and the Department for Business, Energy & Industrial Strategy (BEIS). The three consultations being: Corporate transparency and register reform: improving the quality and value of financial information on the UK companies register\(^1\); Corporate transparency and register reform: powers of the registrar\(^2\); Corporate transparency and register reform: implementing the ban on corporate directors\(^3\).

Response

2. STEP welcomes these consultation as well as the opportunity it presents to clamp down on fraud, with the new powers planned for Companies House which will allow information to be queried and will improve the quality and value of financial information held. These


are important tools in the fight against money laundering and other forms of financial abuse.

3. Additionally STEP fully supports the aim of the proposal to look at reducing the administrative burden on businesses. However STEP would urge slight caution over the plan to make Companies House a fully digital organisation and the requirement for all companies to submit accounts to the register online. As evidenced by other attempts such as moving the probate system online the importance of addressing practical issues in relation to the online system, such as creating either a dedicated professional helpline or administrative mailbox to support the system cannot be understated. The time and money savings that dealing with these points could considerably increase the efficiency of, and trust in, the online process and avoid any unnecessary administrative difficulties and delays.

4. As was the case with the BEIS and Companies House consultation Corporate transparency and register reform held in 2019, STEP takes an interest in the potential changes to the register because through its work the organisation has encountered a number of instances where weaknesses in the Companies House system have been exploited such as individuals holding multiple active directorships of different companies, with overlapping functions.

5. In the consultation Corporate transparency and register reform: powers of the registrar where penalties are discussed along the lines of whether there should be criminal or civil penalties for certain failures. It should be noted that the People with significant control (PSC) register is considered by STEP’s members as very complex and the information on the register is potentially different from the information provided pursuant to other reporting obligations such as 5AMLD. So any future penalties for certain failures should link in with the penalties imposed by the other registers.

Information about directors

6. In STEP’s response to the 2019 consultation our position was that it would beneficial to the work of Companies House if the organisation were to retain information about the profession of those registering as directors. Thus STEP supports the aims laid out in the consultation on Corporate transparency and register reform: implementing the ban on corporate directors that corporate directors will be prohibited unless their own boards comprise all natural persons, and those natural persons have their identities verified.

7. Currently there are many examples of individuals who hold directorships of companies with distinct purposes. One instance which has been brought to STEP’s attention is a situation where an individual was named as the director of ten separate companies with diverse functions that included will writing, medical supplies, management consultancy and marketing. Given the very different nature of each of these companies it seems unlikely that one person would have the necessary skills and experience to take an active role in the running of each of them.

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8. Retaining information on the director’s stated profession would make it easier to ascertain whether a person holding multiple businesses is likely to be actively involved in the running of those companies or merely acting as a nominee on behalf of someone else.