

**CASE LAW**

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# TECHNICAL UPDATE

## CVL to ADM

In the case of [Re Mannarest Ltd \(in liquidation\) \[2026\] EWHC 326 \(Ch\)](#) the company ran a residential care home which had become uneconomical and placed the company into CVL with the only asset being the freehold property. A successful application for planning permission had been made to convert the property into residential flats. Rather than purchase the property from the liquidation, the most cost effective way would be to loan the company £500k to pay off creditors, for the connected party creditor to defer their claim, and to place the company into administration. The court took into consideration the purpose of the administration being achieved, that it would be a better result than liquidation, and that CDDA had not identified any wrong doing. There were also undertakings provided about additional funds being provided into the administration if the £500k was insufficient. The court also authorised the payment of unsecured creditors by the Administrators.

## Provisional Liquidators require court approval to sell assets

In the case of [Aerovías Del Continente Americano S.A. v Versilia Solutions Ltd \(in provisional liquidation\) \(acting by Michael Leeds and Kristina Kicks as joint provisional liquidators\)\[2026\] EWHC 282 \(Ch\)](#) the provisional liquidators had sold the assets of the

company and applied to court for ratification of the sale. The Court did ratify the sale although it made clear that it would in the normal course of events expect the provisional liquidators to apply for authority to sell the assets and the ratification was based on the exceptional circumstances of this particular case.

## Insolvency Forum Shopping

In the case of [Nilsson v Jones \[2026\] EWHC 319 \(Ch\)](#) the court was asked to annul a bankruptcy order made by an adjudicator based on the domicile being in the UK because Austria would not recognise a bankruptcy based on domicile and required the bankruptcy to be in the location of the centre of main interests, which in this case was Austria. The bankrupt had failed to cooperate with the Trustee in realising the assets in Austria and the court took this into consideration when annulling the bankruptcy order.

## Valid service of winding up petition

In the case of [DG Resources Ltd v Revenue and Customs Commissioners \[2026\] EWHC 201 \(Ch\)](#) the evidence presented to the High Court on service was substantially inaccurate and on this basis the petition, due to the serious breach of due process, was struck out. The Judge did however clarify that if service had occurred in the way it had initially been presented, it would have been effective service to the

## Compliance Corner

The Insolvency Guidance paper [Dealing with Complaints](#) was updated and re-issued in October 2025.

### RPBs

The first point made is that the RPBs' requirements for dealing with complaints and, in particular, the FCA are different and you should ensure you are aware of any particular requirements unique to your licensing body and, if appropriate, the FCA.

### Professional Indemnity Insurance (PII)

You also need to be aware of what your PII insurers require from you when you receive a complaint. Not all complaints will be treated equally, some may be genuine, and some may arise because individuals are unfamiliar with the insolvency process. However, lack of notification to your PII insurers may result in them not covering you, should the complaint subsequently become litigious. Someone at the appropriate level within your firm will need to determine whether notification to the insurers needs to be made.

### IPs' duties

There is a reminder in the guide to deal with complaints "*professionally and expeditiously*". I would also just remind you of the updated Code of Ethics 2105.1 A2 "*...that an IP, in their professional life, treats others fairly, with respect and dignity and, for example, does not bully, harass, victimise, or unfairly discriminate against others.*". Communication then needs to be clear and accurate, even when you may feel aggrieved.

default address, which was a PO box at Companies House.

## Resignation of Joint Liquidator

In the case of [Cedar Securities and Another v Phillips & Ors \(\[2025\] EWHC \(2760\) Ch\)](#) in para 54 the judge stated the following about R5.6(1)(d) *“The Rule must import a degree of objectivity and the liquidators’ opinion must (a) as a matter of fact actually be held and (b) be reasonably held. If liquidators are to take advantage of the ability to obtain a release using this mechanism they must be able to demonstrate that the two elements upon which the Rule turns are present. [...] Active consideration and forming of an opinion is needed rather than what might be termed mere form filling compliance by staff other than the liquidators themselves. [...] in the absence of a written record of the decision being made, and the basis for it, showing active consideration by both or all the liquidators, the court may expect first hand evidence from all the office holders about the process they undertook and their state of mind about the opinion they formed and the basis for it”.*

## NI Legislation

The [Disqualified Directors Compensation Orders \(Fees\) Order \(Northern Ireland\) 2026](#) came into force on 27 February 2026.

The [Payment and Electronic Money Institution Insolvency \(Northern Ireland\) Rules 2026](#) came into force on 2 March 2026.

## Companies House PSCs

The Companies House PSC requirements have been delayed until November 2026 according to the [ECCT Act transition plan](#).

## UK Sanctions List

The [Guidance UK Sanctions List search tool: user guide](#) was published on 12 February 2026 and has already been updated.

## AML Advisory Notice

HM Treasury issued an [advisory notice](#) on 26 February 2026. The guidance makes clear that it is not just new clients, but current clients that are located in a country on the list that will need to be reviewed.

## Law Society & Companies House verification

The Law Society has issued [guidance when solicitors notify the registrar of companies](#) that an individual’s identity has been verified.

## Use of AI in preparing court documents

The Civil Justice Council (CJC) has launched a [consultation on the use of artificial intelligence \(AI\) by legal representatives in the preparation of court documents](#). The consultation closes on 14 April 2026.

## HMRC’s Transformation Roadmap & Free AI Training

HMRC’s [Transformation Roadmap](#) published on 21 July 2025 envisages the use of AI for tax and custom systems. HMRC have published [guidelines for using AI for software developers](#). It is clear all industries will be affected by the use of AI and the UK government has announced [free AI training](#) for every UK adults.

## Compliance Corner - ctd

Interestingly, the guide suggests that where recourse is through the court, this should be explained to the complainant which echoes the Insolvency Service’s view that was recently shared at a conference.

### Policies and Procedures

- A procedure all staff need to be aware of including timeframes.
- Policy to include how to deal with vexatious or malicious complaints.
- Risk assessment for complaints.
- Monitoring complaints and incorporating the lessons learned.
- Process of informing of rights and routes to complain.

### Recommendations

- Complaint promptly acknowledged.
- Communication is clear, accurate and understandable.
- Investigate and establish facts of the complaint and obtain further information from the complainant if required.
- Advise of steps being taken and the timeline to respond and reason for any delays.
- Identify if the complainant is vulnerable and make reasonable adjustments (if you need some guidance on how to deal with vulnerable individuals we have two webinars you might find helpful: [Guidance on how to deal with vulnerable people and Troublesome or Troubled? Why Vulnerability Matters](#)).
- Exploring the option for early resolution.
- If an error has been made: rectify, apologise, identify on other cases and change policies and procedures.
- If the matter cannot be dealt with except via a court, then make the complainant aware with an explanation of why.
- A full explanation of why there is no complaint to answer for, if that is the case, should be provided and will be the evidence to be used if the complaint is escalated.
- Ensure the complaint, responses and evidence are fully documented.
- Advise PII insurers if necessary.



Joanne Harris has over 28 years’ experience in insolvency dealing with all case types. She was formerly a Director of Technical and Compliance in a top 20 firm before starting her own business to supply technical services for insolvency practitioners without a compliance resource.

Joanne is also a partner of both The Compliance Alliance and JOH Consultancy which offer a range of services that may be tailored to an individual IP’s needs.