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# TECHNICAL UPDATE

## Unregistered company moves from ADM to CVL

In the case of [Re Esken Ltd \(Overseas Company Number FC041629\) \[2026\] EWHC 495 \(Ch\)](#) the court held that there was no interaction between s221, which does not allow an unregistered company to enter into a voluntary liquidation (e.g. CVL), and Schedule B1 Insolvency Act 1986. In this case the company was an unregistered company not incorporated in an EEA state but whose COMI was in the UK.

## Special ADM, Client Money & Distributions

In the case of [Stephens and another \(as Joint Special Administrators of Dolfin Financial \(UK\) Ltd\) v Firestone Financial Assets Ltd and another company \[2026\] EWHC 41 \(Ch\)](#) the joint administrators (JAs) were seeking directions as to the conduct of the special administration and a client of the company was seeking directions for an initial distribution of 90% of the client money to be made by the JAs and a declaration that the JAs had not performed their functions “as quickly or efficiently as was reasonably practicable”. The judge declined to make an order as to the conduct of the Administration, because this should first be put to the creditors’ committee for approval. The judge declined to deal with the conduct issues as part of the summary application and left this open for them to pursue. The judge made an order

that an interim distribution was to be made by 31 January 2026.

## ADM defects & costs

In the case of [Quantuma Advisory Limited and others v Colin Mear Ltd and another \[2025\] EWHC 3580 \(Ch\)](#) there were procedural defects, including failing to serve the notice of intention to appoint on the QFC (who was in liquidation) and to obtain authority to extend from the secured creditor in respect of both administrations. The court used its discretion to cure the defects using R12.64; however, the court was clear that “...there are so many procedural defects in this case that it is inappropriate for the creditors to have to pay for rectifying them”.

## ADMs & Consent

In the case of [Re CDI Realisations Ltd \[2025\] 12 WLUK 462](#); an unreported case, the Administrators had made a para 52(1)(b) statement with the intention of paying the secured creditor and HMRC as the preferential creditor in two cases. The circumstances changed in that it appeared HMRC had no preferential claim in either case and the secured creditor only was asked to approve the extensions. Subsequently, a further extension was required and an application was made to court for the further extension and validation of the previous extension. The court confirmed when the original extension was obtained, only the secured creditor’s approval was required.

## Compliance Corner AML and IPA

The [IPA Sector Risk Assessment under Regulation 17 - Insolvency Practice](#) was published in September 2025.

Information about risk areas was extracted from the [National risk assessment of money laundering and terrorist financing 2025](#) report and reference to this document is made by the IPA when suggesting IPs familiarise themselves with high risk areas that are industry-specific.

Understanding of the risk areas should be demonstrated through the firm wide risk assessment and by maintaining effective policies and procedures, including effective training.

The IPA also refer to [AASG risk outlook: Money laundering, terrorist financing and proliferation financing risk in the accountancy sector](#) which was updated 22 September 2025.

The IPA identified the following insolvency-specific risk areas:

### Abuse of corporate structures

In particular, the use of corporate structures to conceal the origin and destination of funds, e.g. create and run corporate vehicles, involve a third party nominee and professional service provider.

### Predicate Offences

The most common predicate offences associated with abuse of corporate structures include:

- fraud
- sanctions evasion
- tax evasion
- drugs offences
- Corruption

At one point it was suggested that any non-payment of tax was tax evasion.

## NI Fees for distributions under compensation order

The [Disqualified Directors Compensation Orders \(Fees\) Order \(Northern Ireland\) 2026](#) has yet to come into force.

## ERA Legislation

The [National Minimum Wage \(Amendment\) Regulations 2026](#) came into force 1 April 2026. The [Employment Rights \(Increase of Limits\) Order 2026](#) and the [Employment Rights \(Increase of Limits\) Order \(Northern Ireland\) 2026](#) came into force on 6 April 2026.

## Corporate Civil Enforcement Reforms

The Insolvency Service has opened a [consultation on options to reform the corporate civil enforcement regime](#) in respect of corporate abuse.

## Provision of Services Regulations 2009

The government published in March 2026 its [response to the consultation on the the Provision of Services Regulations 2009](#).

## Collective Redundancies Consultation

The Department for Business and Trade has opened a consultation: [Make Work Pay: threshold for triggering collective redundancy obligations](#). The consultation closes on 21 May 2026.

## Making Tax Digital

HM Revenue and Customs updated their [Penalties for Making Tax Digital for Income Tax](#) guidance on 30 March 2026.

## Redundancy Payments Updates

The [Redundancy payments: Template for setting up a new case](#) was updated on 2 April 2026. The [guidance on setting up a new case for redundancy payments](#) has also been updated.

## SIP16

The IPA, ICAS and ICAEW have advised that the Insolvency Service no longer deem pre-pack sales a risk area and you therefore no longer need to send a copy of your SIP 16 disclosure to your RPB.

## FCA Car Finance

The FCA updated their [Motor finance consumer redress scheme](#) on 1 April 2026. The RPB revised guidance will be issued shortly but in the meantime the [interim guidance](#) is still applicable.

## ICAS Insolvency Monitoring Report

The [Insolvency Monitoring Annual Report for 2025 for ICAS](#) has been published.

## Tax Adviser Registration

HMRC deems anyone a tax advisor, [who needs to register](#), if you interact with HMRC about someone's tax affairs and are paid to do so. The exemption is if you interact with HMRC because the law requires it. If you are therefore appointed over an individual or corporate entity then the exemption applies, but if you are liaising on behalf of someone e.g in respect of a time to pay arrangement and are being paid for this advisory work, then your firm will need to register.

## Compliance Corner AML and IPA - ctd

### [Predicate Offences ctd](#)

However, it is hard to apply the definition of tax evasion: "deliberate non-payment of tax", in terms of an insolvent company when there are many creditors not being paid.

### [Phoenixing and Nominee Directors](#)

Phoenixing, but possibly not as we know it, e.g where the exemption does not apply, specifically where there is:

- use of nominee directors unconnected to the previous company;
- purchase of "off the shelf" companies with existing trading history or licences.

### [Shelf Companies](#)

The [National Risk Assessment of Money Laundering and Terrorist Financing 2025](#) has a great example of shelf companies being used: see section on The Operation Hammerhead case study.

### [Cash intensive Business](#)

### [Case type risks](#)

MVLs remain highest risk and you need to have evidence of assessment and verification of the source of wealth. Fraudulent redundancy claims as highlighted in Dear IP 117 are also a high risk area.

### [COVID 19 Support related appointments](#)

BBL fraud, furlough scheme abuse and other grant misuse remain insolvency-specific areas to incorporate into your investigations.

### [Personal insolvency](#)

The areas in personal insolvency are Money Mule Activity and Exploitation of Vulnerability.

### [Jurisdictional risks](#)

Scottish limited liability partnerships, cross-border, and Scottish and NI cases due the legislative differences.

Michelle will be blogging more extensively about this development.



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.

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