

# Press release: Credit union directors banned for flouting regulations

Richard Charles Nichols, Phillip Raymond Neale and Gillian Birkett were directors of Enterprise The Business Credit Union Ltd T/A DotcomUnity Credit Union (EBCU) which went into administration on 14 May 2015 with estimated total creditor claims totalling £7,277,425.

The Secretary of State for Business, Energy and Industrial Strategy has accepted a disqualification undertaking from Richard Charles Nichols for a period of 9 years, commencing on 24 April 2017. Mr Nichols had not disputed that he had failed to ensure that the rest of the EBCU Board either agreed, or were even aware of, changes in the contract with a company of which he was also a director. This caused additional fees of £392,629 to be charged by that company. Additionally, by failing to include the monies charged and paid out to his other company in EBCU's accounts, he failed to ensure that EBCU filed accurate accounting information to the Prudential Regulatory Authority (PRA), at a time when EBCU's capital position was below the required level and it was subject to the PRA's regulatory enquiries.

The Secretary of State has also accepted disqualification undertakings from Phillip Raymond Neale and Gillian Birkett for 6 years each. Both they and Mr Nichols did not dispute that they had failed to ensure that EBCU obeyed a voluntary imposition of requirements, agreed with the PRA on 24 December 2014, to cease the normal operation of the credit union until such time that it was able to meet regulatory requirements: In the following weeks EBCU further damaged the liquidity of the company, by continuing to issue loans in direct breach of the restriction.

The disqualification prevents Mr Nichols, Mr Neale and Mrs Birkett from directly or indirectly becoming involved in the promotion, formation or management of a company for the duration of their disqualification terms without the permission of the Court.

Commenting on the disqualification, David Brooks, Group Leader at The Insolvency Service, said:

On 19 December 2014, Mr Nichols told the Board of EBCU that the company had 'broken all rules in the book' and 'can't continue to flout the rules'. However, both he and Mr Neale and Mrs Birkett then allowed the company to do just that, leading directly to its failure.

In addition, Mr Nichols allowed a serious conflict of interests to occur regarding a second company, which carried out all almost-all administrative functions within the credit union. He then failed to prioritise his duties to EBCU regarding both the agreement of a fee

structure with that company and the accurate reporting of the intercompany transactions in its accounts. This is serious misconduct and the high tariff of disqualification reflects the seriousness of such behaviour.

We are grateful for the assistance of the Prudential Regulation Authority, in particular, in this matter.

## Notes to editors

Enterprise The Business Credit Union Ltd (Company Reg No. IP00469C) T/A DotcomUnity Credit Union was incorporated on 11 June 1996 and latterly traded from 3rd Floor, Enterprise House, Oxford Road, Bournemouth, BH8 9EY.

It was previously named:

- Federation of Small Businesses Credit Union Ltd
- Lancashire and Cumbria FSB Credit Union Ltd

The Company went into administration on 14 May 2015 and then into liquidation on 17 August 2015, with an estimated deficiency as regards creditors of £1,466,161. Creditor claims up to October 2016 totaled £7,277,425.

Richard Charles Nichols' date of birth is in January 1959 and he resides in Hampshire.

The Secretary of State accepted a Disqualification Undertaking from Mr Nichols for a period of 9 years on 3 April 2017. The disqualification is due to commence on 24 April 2017. The matters of unfitness, which Mr Nichols did not dispute in the Disqualification Undertaking, were that he failed from July 2014 to 2 March 2015 to ensure that the Board of Enterprise The Business Credit Union Ltd either agreed, or were aware of, changes to a contract with a company of which he was director, leading to additional fees of £392,629 being charged. Specifically:

- the EBCU Board had given interim agreement to an unsigned contract with the associated company on 22 March 2013 to operate, create and carry out all functions for the administration of the Credit Union it operated. Fees for this service included 50% of all loan interest actually received
- however, the associated company produced to the liquidator an altered agreement, purportedly signed by EBCU's then Chairman, altering the loan interest to be 50% of the total interest due per loan and adding an investment fee for New Savings Accounts, including ISAs. The Chairman denies knowingly signing the altered contract and all directors deny agreeing to it. I stated that I knew the altered contract was being operated from July 2014
- as a consequence the associated company invoiced £65,212 in investment fees and £633,117 (before VAT) for loan fees when the original contract fees are estimated at £305,700

He failed to ensure that EBCU filed accurate accounting information to the Prudential Regulatory Authority, in that:

- the accounts to 31 March 2014, signed on 23 September 2014 and sent to the PRA on 7 October 2014, schedule an amount of £93,070 owed to EBCU by a company of which he was also director. This figure included £23,940 of accrued commission to be charged by that company for the period to 31 March 2014. However, by 10 July 2014, he knew or ought to have known that that company had invoiced £176,362 in respect of the services provided for the period to 31 March 2014 and net assets had been therefore overstated by £152,422 (before VAT)
- on 13 November 2014, EBCU he emailed a letter to the PRA stating that it acknowledged that it had a shortfall in its regulated capital reserves and attached profit and loss and cash flow accounts supporting its strategy for correcting the position by March 2015. The profit and loss account stated that the aforementioned associated company had not charged any fees in the previous 8 months and intended not to do so in the next 4 months. However, the company had already invoiced £310,508 by that date, and invoiced another £571,621 in the following 4 months. In addition, the cashflow forecast stated that there would be no payments to the associated company in respect of fees from October 2014 to September 2015. However, £38,262 had already been paid to it in October 2014, another £13,000 was paid on the day of the email, and £257,293 was paid thereafter

He failed to ensure, from 24 December 2014 to 2 March 2015, that EBCU met its regulatory requirement to not make new loans, or make further advances in relation to, or otherwise vary the terms of, any existing loans. In that period, EBCU was subject to a Voluntary Imposition Of Requirements agreed with the Prudential Regulatory Authority to cease the normal operation of the credit union until such time that it was able to meet regulatory requirements. EBCU made payments in the period of £518,115 in respect of 134 loans; a regulatory breach which then contributed to its insolvency.

Gillian Birkett's date of birth is in May 1956 and she resides in Bournemouth. The Secretary of State accepted a disqualification undertaking from Mrs Birkett for a period of 6 years on 9 March 2017. The disqualification commenced on 30 March 2017.

Phillip Raymond Neale's date of birth is January 1964 and he resides in Bournemouth. The Secretary of State also accepted a disqualification undertaking from Mr Neale on 7 March 2017 for a period of 6 years. The disqualification commenced on 28 March 2017.

The matters of unfitness, which Mr Neale and Mrs Birkett did not dispute in their Disqualification Undertakings, were that they failed to ensure, from 24 December 2014 to 8 May 2015, that Enterprise The Business Credit Union Ltd met its regulatory requirement to not make new loans, or make further advances in relation to, or otherwise vary the terms of, any existing loans. In that period, EBCU was subject to a voluntary imposition of requirements agreed with the Prudential Regulatory Authority to cease the normal operation of the credit union until such time that it was able to meet regulatory

requirements. EBCU made payments in the period of £635,511.67 in respect of 175 loans; a regulatory breach which then contributed to its insolvency.

A disqualification order has the effect that without specific permission of a court, a person with a disqualification cannot:

- act as a director of a company
- take part, directly or indirectly, in the promotion, formation or management of a company or limited liability partnership
- be a receiver of a company's property

Disqualification undertakings are the administrative equivalent of a disqualification order but do not involve court proceedings. Persons subject to a disqualification order are bound by a [range of other restrictions](#).

The Prudential Regulation Authority ('PRA') was created as a part of the Bank of England by the Financial Services Act 2012 and is responsible for the prudential regulation and supervision of around 1,700 banks, building societies, credit unions, insurers and major investment firms. The PRA's objectives are set out in the Financial Services and Markets Act 2000 (FSMA). Further information about the work of the PRA is [available](#).

Media enquiries for this press release – 020 7674 6910 or 020 7596 6187

You can also follow the Insolvency Service on:

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## [Statement to Parliament: Conduct guidance for 8 June 2017 general election: written ministerial statement](#)

The Prime Minister will write to ministerial colleagues providing guidance on the conduct of government business during the general election period. The Cabinet Secretary has issued parallel guidance to civil servants on their conduct during this period. The guidance comes into force on 22 April 2017.

Copies of the documents have been placed in the libraries of both Houses and on the [Cabinet Office website at GOV.UK](#).

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# Press release: Arrests made following dawn raids

Today (Thursday 20 April 2017), the Environment Agency and police carried out 5 dawn raids following an in-depth investigation into illegal dumping of waste. There were 2 people arrested pending further enquiries. A third person will also be helping Environment Agency officers with their enquiries.

Enforcement action took place at 5 separate addresses in Staffordshire, Herefordshire and Hertfordshire this morning following an investigation into illegal dumping of 20,000 – 25,000 tonnes of waste at 17 sites across the Midlands, North West and North East.

More than 25 Environment Agency investigators, supported by over 20 police officers from Staffordshire, West Mercia, Warwickshire and Hertfordshire Police forces were in action at suspects' homes and business addresses seeking evidence as part of Operation Cesium.

The investigation will now continue with the evidence seized today. This investigation is expected to continue for many more months.

Paul Clarke, lead investigator in the Environment Agency's National Investigation Team, said:

The Environment Agency takes waste crime seriously and we will persistently pursue those suspected of illegally dumping waste.

In this case we have 17 landowners and communities blighted by significant amounts of dumped waste. We've already seen some of these sites catch fire, causing significant impact on communities, the environment and our emergency services partners who have to tackle them.

Illegal waste activity of the likes we're investigating here diverts £1 billion from legitimate businesses and the treasury, and at the Environment Agency we do everything we can to bring those responsible to account.

This investigation has been ongoing since last summer and enquiries will continue to examine the evidence to determine the full extent of the suspected offences.

The Environment Agency takes waste crime extremely seriously. This is a live and complex investigation, anyone with further information should contact Crimestoppers on 0800 555 111.

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## Press release: Loan brokerage directors banned

Mr Timmer, a Dutch national, has been disqualified for 12 years, while Mrs Rowe will be subject to a six year ban. Both were directors of More Financial Limited, which was wound up in the public interest by the High Court on 19 August 2013 following an Insolvency Service Company Investigations probe into the affairs of the company.

Mr Timmer caused, and Mrs Rowe allowed, the company to operate in manner which lacked probity; and failed to maintain or preserve accurate accounting records. Mr Timmer also failed to co-operate with, and actively hindered, the various investigations. The winding up of the company in the public interest resulted in assets totalling £499,609 being safeguarded and limited the known deficiency to £70,891.

More Financial had acted as a loan broker between consumers and financial institutions, charging a fee to individual members of the public. The company used the following trading names:

- Century Finance
- E Loans 4 U
- Heritage Finance
- Heritage Financial
- Heritagefinancial.co.uk
- Loans Expert
- Loans Express
- Loanexpert.co.uk
- Loans-express.net
- The Loan Shop
- The Loans Express
- UK Loans Expert
- UK Loans Express

More Financial traded from November 2009, initially through telesales and from 2011 on the internet only, and became subject to an investigation as a result of a series of complaints. A public interest winding up petition was issued on 12 June 2013, with a provisional liquidator being appointed on 13 June 2013 without notice to the company. A winding up order was subsequently made on 19 August 2013 following an unsuccessful application by the directors to discharge the appointment of the provisional liquidator.

Mr Timmer was only formerly appointed as a director for less than two months up 18 January 2010, whilst Mrs Rowe, appointed one week earlier, was the only formerly appointed director thereafter. The investigations revealed that Mr Timmer, the only shareholder at liquidation, had been in control of the company affairs throughout. Mrs Rowe confirmed she allowed Mr Timmer to

operate the business as he saw fit, and was aware of the modus operandi and purpose of the operation. The amount received or utilised by the directors during trading, and Mr Timmer in particular, has never been fully established because of the inadequacy of his co-operation and the company records. The investigation did establish that dividends were declared to Mr Timmer totalling £2,050,000 between 20 February and 9 April 2013, when he was fully aware of the investigation that resulted in the closing down of the company. This figure includes a cash transfer of £1,100,000 to an account he controlled.

The Insolvency Service investigations found that More Financial was operated with a lack of probity in that it:

- engaged in misleading sales practices in order to induce the public to either pay a brokerage fee, or to provide bank account details that could be used by it to deduct a brokerage fee without the customers' knowledge and/or consent
- either failed to provide the service in accordance with representations it made, or deducted a brokerage fee from the customers' bank account despite the customer not requiring the service being charged for and/or not authorising the payment
- obtained unauthorised payments from customers of the brokerage fee (£69.50, and sometimes £69.95); Provided customers' personal and/or financial data to third parties without authorisation in circumstances where the third parties thereafter used those details to contact the customers direct
- traded in a manner which frustrated its customers' and third parties' ability to contact it to either exercise their cancellation rights and/or obtain a refund of the brokerage fee deducted

The accounting records were deficiently maintained, preserved or delivered up such that there was an inability to:

- determine the ultimate source and purpose of all the receipts into More Financial's bank accounts from 01 December 2011 to 26 March 2013 (being after the last filed accounts) totalling £4,803,390
- determine the recipient and purpose of all the payments from More Financial's bank accounts from 1 December 2011 to 26 March 2013 (being after the last filed accounts) totalling £4,803,390
- determine whether all payments have been made for services received and/or provided by More Financial; Identify all moneys due to creditors and any details regarding such debt, including their age and, in particular determine whether any refunds are due to members of public
- determine the full and true amount due to HMRC in relation to taxation accruing in relation to its activities, in particular in relation to identified payments to Mr Timmer of which he admits to receiving at least £2,175,000 during trading

Commenting on the disqualification, Cheryl Lambert, Chief Investigator at the Insolvency Service, said:

The company was wound up in the public interest because of the manner in which it was set up and operated – to extract small amounts of moneys from a significant number of people through duplicitous means. In tandem the mechanisms for complaint and retrieval/re-imbusement of moneys were deliberately opaque to the point of obstructing the public. Furthermore during the Insolvency Service investigations Mr Timmer continually obstructed and frustrated the enquiries.

The nature of the customer base was such that the company was fishing in a pond of vulnerable and financially distressed people. The relatively small amounts being taken from them had a disproportionate impact. The company preyed like a vulture upon those most in need.

This activity goes to the very core of our economic system – that people place trust in each other when they financially interact. This is a gross market abuse. These investigations send a further message to the unscrupulous, and their inattentive facilitators. You will be pursued, stopped and dealt with. We will protect the British public from those vulture capitalists who seek to line their pockets by preying on the unwary, inexperienced and financially distressed.

## **Notes to editors**

More Financial Ltd (CRO 07078690) was incorporated on 17 November 2009. Its final registered office prior to liquidation was Winton House, Winton Square, Basingstoke, Hampshire, United Kingdom, RG21 8EN, which was also asserted to be the trading address, though all business was done materially through a website.

More Financial Limited was placed into liquidation on 19 August 2013 following the appointment 13 June 2012 of a provisional liquidator.

Nigel Ian Fox and Duncan Robert Beat of Baker Tilly Business Services Limited, Highfield Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire S053 3TZ were appointed joint liquidators

Mr Jos Timmer is of Flat 7, Block B, Qui si sanna, Torregiana Towers, Sliema Klaverweide 21, Delfzyl, Netherlands, 9932JA.

Elizabeth Sarah Rowe is of 149, Conway Crescent, Perivale, Greenford, UB6 8JB

On 8 March 2017 a Disqualification Order was made against Mr Jos Timmer. The disqualification commenced on 29 March 2017.

The Secretary of State accepted an undertaking from Elizabeth Sarah Rowe on

11 July 2016. The disqualification commenced on 1 August 2016.

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The Insolvency Service, an executive agency sponsored by the Department for Business, Energy and Industrial Strategy (BEIS), administers the insolvency regime, and aims to deliver and promote a range of investigation and enforcement activities both civil and criminal in nature, to support fair and open markets. We do this by effectively enforcing the statutory company and insolvency regimes, maintaining public confidence in those regimes and reducing the harm caused to victims of fraudulent activity and to the business community, including dealing with the disqualification of directors in corporate failures.

BEIS' mission is to build a dynamic and competitive UK economy that works for all, in particular by creating the conditions for business success and promoting an open global economy. The Criminal Investigations and Prosecutions team contributes to this aim by taking action to deter fraud and to regulate the market. They investigate and prosecute a range of offences, primarily relating to personal or company insolvencies.

The agency also authorises and regulates the insolvency profession, assesses and pays statutory entitlement to redundancy payments when an employer cannot or will not pay employees, provides banking and investment services for bankruptcy and liquidation estate funds and advises ministers and other government departments on insolvency law and practice.

Further information about the work of the Insolvency Service, and how to complain about financial misconduct, is [available](#).

All public enquiries concerning the affairs of the company should be made to: Cheryl Lambert, Head of Outsourced Investigations, Investigations and Enforcement Services, The Insolvency Service, 3rd Floor, Abbey Orchard Street, London SW1P 2HT. Tel: 0207 596 6117. Email: [Cheryl.Lambert@insolvency.gsi.gov.uk](mailto:Cheryl.Lambert@insolvency.gsi.gov.uk).

Media enquiries for this press release – 020 7596 6187

You can also follow the Insolvency Service on: