

Charity for veterans wound up after serious mismanagement by trustees

A charity set up to support serving and former members of the armed forces has been removed from the register of charities as it ceased to operate, after the charity regulator found its former trustees responsible for misconduct and mismanagement.

[In an official report](#), the Charity Commission says the former trustees of Afghan Heroes failed to take reasonable care in managing the charity and its finances, and gained significant unauthorised private benefit from it.

The report also criticises the charity's fundraising, and the quality of the services it offered to veterans with complex needs. The charity's two founding trustees were removed from their positions in 2015 due to their responsibility for the charity's failings, resulting in their permanent disqualification from trusteeship and senior management in any charity. Both passed away while the investigation was underway.

The Commission's investigation opened in 2013, after a detailed review of the charity's financial accounts, prompted by complaints from the public and concerns being raised by some of the trustees about how the charity was being operated.

The charity was launched in 2009, and in 2012 the trustees decided to set up 'retreats' for homeless veterans. They envisaged a business model whereby the purchase and running of a network of pubs would financially support services for veterans, to be provided at these premises.

The report finds that the charity lost around £337,000 through poorly managed financial transactions with its subsidiary company and third parties. This included £185,000 lost through loans to a trading subsidiary that purchased a lease for a pub in Ashcott that did not prove profitable. The charity also lost £40k in loans to another trading subsidiary to refurbish a pub in Minehead, in which the charity had no legal interest. It later transpired that the premises could not be used to house veterans. The Commission's report is highly critical of the trustees' failure to seek professional advice that would have identified this issue.

The trustees also failed to properly manage the charity's relationship with a fundraising company, Prize Promotions Limited (PPL), which raised around £3.5 million from the public, of which only around 20% was passed on to the charity, the rest being retained by PPL. The Commission has concluded that PPL's fundraising did not comply with fundraising regulations, as there were no valid written agreements in place between the charity and the company, and the company did not make solicitation statements, which provide donors with information about the amount that the third party fundraiser will retain.

The report also finds that four former trustees together received around

£348k in unauthorised remuneration, the majority of which was received by the two removed trustees. This included direct payments to the trustees, as well as transactions with companies in which they had a personal financial interest.

In 2014, the Charity Commission appointed an Interim Manager to take over the running of the charity. From that point onward, the operations of the charity were wound down. Among other steps, the Interim Manager worked to pursue the fundraising company for all the monies it raised on behalf of the charity. This work took several years, and was ultimately unsuccessful after the company was placed into administration. The Interim Manager's attempt to seek restitution accounts in large part for the long running of the inquiry.

Amy Spiller, Head of Investigations at the Charity Commission, says:

The public rightly expects charities to make a real positive difference for the people they help or the cause they pursue. Afghan Heroes launched with significant support and the goodwill of people in Somerset and around the country.

Unfortunately, the trustees lacked the understanding or expertise required to run a charity effectively. They mismanaged the charity, including by receiving personal benefits they were not entitled to. They effectively caused the loss of very significant amounts of charitable funds that should have been spent to support veterans with complex needs.

We understand why those who supported this charity feel angry and let down at the waste and incompetence presided over by the trustees.

I hope others considering setting up a new charity learn from this case, and ensure they bring on board the expertise and competence required to run a charity lawfully and effectively.

Ends

Notes to editors

1. The Charity Commission is the independent, non-ministerial government department that registers and regulates charities in England and Wales. Its purpose is to ensure charity can thrive and inspire trust so that people can improve lives and strengthen society.
2. Afghan Heroes was wound up in 2019 and removed from the register in May 2020.