

Directors banned for abusing dissolution process

The four directors were disqualified after they all secured bounce back loans before dissolving their companies to avoid paying their liabilities back.

In the most recent case, Sirfraz Ahmad, from Leeds, was disqualified for 10 years after he exaggerated his turnover to secure a higher value bounce back loan he wasn't entitled to.

Instead of using the government-backed loan to support the business, Food Box Leeds Limited, Sirfraz Ahmad squandered £25,000 to repay family members.

Sirfraz Ahmad joins Max Hadley, Lewis Wright and Jake Joynt, on the disqualification register after the Insolvency Service used new powers to tackle unscrupulous directors who dissolve companies to avoid paying their liabilities.

The Insolvency Service has powers to investigate directors of companies that enter a form of insolvency, including administration and liquidation. The Insolvency Service may also be instructed to investigate live companies where there is evidence of wrongdoing.

[The Rating \(Coronavirus\) and Directors Disqualification \(Dissolved Companies\) Act](#), which became law in December 2021, extends the Insolvency Service's investigatory powers, on behalf of the Business Secretary, to directors of dissolved companies.

If misconduct is found, directors can face sanctions including being disqualified as a company director for up to 15 years or, in the most serious of cases, prosecution.

Business Minister Lord Callanan said:

The government provided unprecedented support to businesses to help them through the pandemic, but unfortunately a minority of people abused this support for personal gain.

We have been clear that we will not tolerate those who seek to defraud the taxpayer, which is why we introduced tough new powers which have allowed the Insolvency Service to disqualify directors for dissolving their companies, to avoid repaying their bounce back loans.

Consultant Lewis Wright received a £50,000 loan in June 2020 despite his company having stopped trading the previous year. Lewis Wright received the maximum loan amount after he inflated turnover before paying himself just over £47,000. He is disqualified for 12 years.

Max Hadley, director of Prestige Building Works and railway engineer, received a 10-year ban after he secured a £20,000 bounce back loan before spending £18,000 on payments not connected to the building firm.

And Jake Joynt received a 7-year disqualification after he received a £15,000 bounce back loan before spending £13,000 of it for personal use.

All four directors are banned from directly, or indirectly, becoming involved in the promotion, formation or management of a company, without the permission of the court.

The Insolvency Service is considering recovery of the bounce back loan funds by using legal powers to seek Compensation Orders against the directors where appropriate.