

Manufacturer banned after abusing loan agreements

Daniel Jon Knowles (36), from Bromsgrove, Worcestershire, was a director of HE Knowles (Manufacturing) Ltd. Incorporated in November 2016, the company provided metal products for the construction trade.

When HE Knowles (Manufacturing) Ltd provided products to customers, they would also submit the invoices to an external financing company to secure funds in advance.

The finance company would then recoup the invoice amount they had loaned to HE Knowles (Manufacturing) Ltd from the manufacturer's customers in a process known as 'factoring'.

HE Knowles (Manufacturing) Ltd entered into a Corporate voluntary arrangement in April 2019 before going into administration in January 2020, owing the finance company £510,000 and other creditors a further £1.3 million.

The manufacturer's administration triggered an investigation by the Insolvency Service and enquiries uncovered that from January 2018 to December 2019, Daniel Knowles claimed £510,000 from the finance company.

But instead of providing customers with banking details for the finance company, Daniel Knowles sent invoices to customers with HE Knowles (Manufacturing) Ltd's bank details.

When the finance company tried to collect the outstanding funds from the manufacturer's clients, customers said they had already paid HE Knowles (Manufacturing) Ltd directly.

On 5 January 2021, the Secretary of State accepted an undertaking from Daniel Knowles, disqualifying him from being a company director for 8 years after he did not dispute that he had misused factoring facilities by diverting customer funds away from its invoice finance provider.

The director's ban started on 26 January 2021.

Martin Gitner, Deputy Head of Insolvent Investigations at the Insolvency Service, said:

Daniel Knowles knew the terms of the agreement with the finance providers and that any customer invoices should contain the payment details of the finance company. Instead, he deliberately inserted his own company's bank details, knowing it would result in HE Knowles (Manufacturing) Ltd receiving payments that should have been paid to the factoring company.

This lengthy ban shows we take these matters very seriously and

will seek to disqualify those who choose to act unscrupulously.

Daniel Jon Knowles is of Bromsgrove and his date of birth is April 1984

HE Knowles (Manufacturing) Ltd (Company Reg no. 10473767)

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 restrictions](#).

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