

Press release: 12-year ban for Manchester spare parts boss who spent company funds

Modussur Khan, 32, from Oldham, was the sole director of Manchester Autospares Limited (MAL) throughout the life of the company. The company was incorporated in December 2011 and sold scrap parts for the motor industry from premises in Failsworth, Manchester.

The company ceased trading on 3 May 2016 and went into liquidation on 18 May 2016, owing creditors £61,374.

An Insolvency Service investigation, which followed the company's liquidation, found that MAL operated a merchant services account whereby it received card payments from customers.

But the company took unauthorised payments from customers' cards between 5 April and 25 April 2016 totalling at least £72,887. These payments were not related to genuine purchases and led to increased receipts into the company's bank account.

And then between 8 April and 22 April 2016, the company made payments totalling at least £71,816 from its bank account using the fraudulently obtained funds, which Modussur Khan used to make personal purchases, a bureau de change withdrawal and other cash withdrawals.

Furthermore, MAL's customers applied for refunds to the merchant services provider as they had not authorised payments to MAL. This led the merchant services provider to suffer a total loss of £56,791.

On 31 May 2018, the Secretary of State accepted a disqualification undertaking from Modussur Khan, in which he did not dispute making payments of £71,816 from the company's bank account when he knew or ought to have known that at least some of these funds were obtained fraudulently.

His disqualification became effective from 21 June 2018 and lasts for 12 years, where he is banned from directly or indirectly becoming involved in the management of a company without the permission of the court.

Robert Clarke, Group Leader of Insolvent Investigations North at The Insolvency Service said:

This is a serious case of misconduct by the director. The disqualification of Modussur Khan sends out a clear message that where a corporate vehicle is used to facilitate actual or potential fraudulent activity, action will be taken to remove the directors from the corporate arena for a lengthy period of time.

Notes to editors

Modussur Khan resides in Oldham and his date of birth is March 1986;

Manchester Autospares Limited (Company Reg no. 07892144) was incorporated in December 2011. The company went into liquidation on 18 May 2016, with a deficiency as regards creditors of £61,374.

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 Insolvency Service administers the insolvency regime, investigating all compulsory liquidations and individual insolvencies (bankruptcies) through the Official Receiver to establish why they became insolvent. It may also use powers under the Companies Act 1985 to conduct confidential fact-finding investigations into the activities of live limited companies in the UK. In addition, the agency deals with disqualification of directors in corporate failures, 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](#).

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