

Press release: 9-year ban for logistics boss after submitting £1m worth of false claims

Neil Avery Hughes (51), from Water Orton, Birmingham, was a director of Contact Transport Limited (Contact Transport). Incorporated in February 1980, the company traded from premises in Garrets Green and provided haulage and parcel delivery services.

In 2011, Contact Transport was acquired by another company, Keelek 369 Limited, before it entered into a Company Voluntary Arrangement (CVA) in the same year to help manage its debts, which completed in July 2015.

While the company returned to profit between 2012 and 2014, Contact Transport entered into a difficult trading period and fell behind in repaying its debts to their creditors.

As a result, a winding up petition was filed against Contact Transport in March 2017 before the company became insolvent, with administrators appointed in April 2017.

Further investigations found that Contact Transport had entered into an Invoice Discounting Agreement (IDA) with an external lender, allowing the company to get advances on cash they were owed from customers rather than waiting for them to pay.

But during an audit in April 2017 the lender became aware of discrepancies between what Contact Transport had claimed and what they were actually owed from their clients.

Investigators found that Neil Hughes caused Contact Transport to claim funds for work that were higher in value than the work completed. This resulted in the company securing increased levels of funding and cash flow to the value of just over £1 million.

Neil Hughes resigned as a director of Contact Transport in June 2018 before he provided a disqualification undertaking to the Secretary of State on 25 July 2018 where he did not dispute he falsified claims to the lender.

Effective from 15 August 2018, Neil Hughes is now banned for 9 years from directly or indirectly becoming involved, without the permission of the court, in the promotion, formation or management of a company.

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

Securing advanced payments is a legitimate method of sourcing working capital finance. However, Neil Hughes submitted false

documents to wrongfully and deceptively claim more money than was actually owed to Contact Transport.

9 years is a significant ban and this should serve as a warning to other directors that the Insolvency Service has strong enforcement powers to remove dishonest or reckless directors from operating a business for a considerable amount of time.

Mr Neil Avery Hughes was director of Contact Transport Limited (Company no. 01478943).

In his disqualification undertaking, Neil Hughes did not dispute that:

- between at least November 2016 and April 2017, I caused Contact Transport Limited to notify the company with which it operated a confidential invoice discount facility of invoice values which were of higher value than the work actually completed during that period
- as a result Contact Transport had access to funds of at least £1,030,115 to which it was not entitled. This resulted in a loss of at least £1,030,155 to the invoice discount facility provider

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 authorises and regulates the insolvency profession, 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](#).

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

You can also follow the Insolvency Service on: