

Press release: Businesses and consumers to be given increased protections from criminal activity

- Major upgrade of Companies House register aimed at tackling misuse and ensuring its accuracy
- As part of reforms, business owners will benefit from new protections from fraud
- New package of measures will boost the reputation of the UK's business environment and ensure the reliability of the UK's company register

Companies will be better protected from fraud, under new Companies House reforms that will do more to safeguard the personal data of business owners and ensure the accuracy of the register.

Business Minister Kelly Tolhurst today (Sunday 5 May) unveiled a substantial package of reforms to Companies House. With the clear aim of minimising the burden on law abiding companies, the reforms will contribute to UK efforts to tackle economic crime by increasing the traceability of company ownership and management while offering business owners and businesses greater protection from fraud.

The proposed reforms, unveiled today, will help increase the accuracy and usefulness of the information available on the companies register, which last year was accessed 6.5 billion times and, as of March 2018, included over 4 million limited companies.

In the last three years there have been almost 10,000 complaints to Companies House from people concerned about their personal details, with worries including fraud and use of personal details topping the list.

The package of proposed reforms include:

- Knowing who is setting up, managing and controlling companies: Those who have a key role in companies will have their identity verified
- Improving the accuracy and usability of data on the register: Companies House will now be able to query and corroborate information before it is entered on the register. This will also mean it is easier and quicker to remove inaccurate information from the register
- Protecting personal information on the register: In a minority of cases the register can be misused to identify personal information, which can then be used for criminal purposes. Under these proposals Directors will be given additional rights over their information, for example personal home addresses, while ensuring this information is still available in a transparent manner to public authorities where appropriate.
- Improving the detection of possible criminal behaviour: Better information sharing by Companies House, other Government bodies and financial institutions will better protect businesses and ensure faster

and more sophisticated identification of possible criminal activity – benefitting businesses and consumers.

Business Minister Kelly Tolhurst said:

The UK already has some of the strongest protections in the world against money laundering. We are ranked as one of the top countries worldwide for cracking down on economic crime – protecting businesses and consumers.

The reforms announced today will support the fight against the use of dirty money in the UK and enhance the protections for entrepreneurs and directors from criminal activity.

Knowing that a company's information is accurate and transparent is a fundamental part of a leading business environment – giving entrepreneurs and businesses the confidence they need to do business in the UK.

Chief Executive of Companies House Louise Smyth said:

The register already plays a vital role in contributing to the UK's economy through the investment decisions which rely on our data. This package of reforms represent a significant milestone for Companies House as they will enable us to play a greater part in tackling economic crime, protect Directors from identity theft and fraud and improve the accuracy of the register.

The UK has one of the highest ratings for cracking down on anonymous companies, and the government's proposed measures build on the Britain's world-leading anti-corruption activity. In 2016, the UK became the first country in the G20 to introduce a public register of company ownership, while new protections against identity fraud for company directors were introduced in 2018.

City Minister John Glen said:

Tackling economic crime is a key priority and by strengthening the register we are building on our already world-leading approach to weeding out dirty money.

This will help us to better identify criminal behaviour and ensure the strongest protections for businesses, so they don't fall prey

to fraudsters.

Interim Director General of the Institute of Directors Edwin Morgan said:

We welcome the thrust of these proposals. The IoD receives regular complaints from its members concerning the misuse of data published by Companies House. Transparency is a key feature of UK-registered companies, but if that transparency can be exploited by criminals or fraudsters, then trust in the legal framework of business is undermined.

We look forward to working with Companies House on new powers to monitor and control company information on its register, which will help to provide a more secure and reliable repository of corporate data.

Director of Policy Transparency International UK Duncan Hames said:

That the Government have brought forward these proposals for consultation is most welcome. We are pleased that public concerns about the accuracy of the company register have clearly been heard, and efforts are underway to act upon them.

The abuse of UK companies to launder stolen wealth has been evident in major global money laundering scandals, and well documented in our own research. Addressing these concerns therefore is an important move against 'dirty money' in the UK, which compliments the Government's widely supported plans for a new register of who ultimately owns the overseas entities that own property here.

Like us, those with an interest in the transparency and quality of company information will surely want to take this opportunity to share their insights from practical experience of using the UK's company register.

CEO of UK Finance Stephen Jones said:

Reliable company information is critical to the financial and banking sector in meeting know-your-customer requirements and helping to protect customers from fraud. This consultation is an important step in helping to strengthen the Companies House regime and we will continue to work closely with the Government,

regulators and law enforcement to develop more effective approaches to tackling economic crime

The proposals will be underpinned by a major transformation programme to upgrade digital services at Companies House alongside a complete review of its staffing and skills requirement. This package of proposals, if brought forward would be the largest change to our system of setting up and operating companies since the register was created in 1844.

- An assessment of the UK's anti-money laundering and terrorist financing framework last year by the international standard setting body gave the UK the highest rating received by any country to date. This can be viewed here:
<https://www.fatfgafi.org/media/fatf/documents/reports/mer4/MER-United-Kingdom-2018.pdf>
- The UK is already taking a leading role on the world stage to improve corporate transparency and was recognised by NGO Transparency International as one of only 4 G20 countries with the highest rating for cracking down on anonymous companies.
- Back in February 2018 the government announced new protection against identity fraud for company directors, which gave directors the ability to remove their personal addresses from the company register.
- The UK has worked to improve transparency and tackle money laundering through:
 - introducing draft laws last summer for a world-first public register which will require overseas companies that own or buy property in the UK to provide details of their ultimate owners:
 - launching a package of transparency and anti-corruption measures in December including new laws to increase transparency and prevent abuse of limited partnerships
 - introducing a register of People of Significant Control in 2016, which now includes 4.6 million names. The register was expanded in 2017 to include Scottish Limited Partnerships
 - making the UK's company register freely accessible online in 2015, establishing it as one of the most open and transparency company registers in the world – accessed 6.5 billion times in the financial year 2018/19 – meaning company information is under constant scrutiny
 - launching the government's new Serious and Organised Crime Strategy on 1 November, investing at least £48 million in 2019/20 in law enforcement capabilities to tackle illicit finance and enhance our response to serious and organised crime