

Press release: Debt management boss joins husband on disqualified director list

Josephine (Josie) Broadstock, 33 of Warrington, together with Robert Jones, 39 of Stockport, have been banned from being company directors following an Insolvency Service investigation.

Husband and wife, Josie and Mark Broadstock, along with Robert Jones, were directors of Smooth Financial Consultants Ltd (Smooth). The company was incorporated in June 2005 and traded as The Debt Advice Centre before trading from Jackson House, Sale, Cheshire in 2012.

Mark Broadstock was the Managing Director and Robert Jones was appointed as the Finance Director in January 2012, while Josie Broadstock was appointed a director on 26 May 2011.

In return for a monthly fee, Smooth administered debt management plans and made payments to creditors on behalf of individuals experiencing difficulties in making payments to their creditors, for loans and credit cards.

However, Smooth went into administration on 2 August 2013 and on 24 July 2014, went into creditors' voluntary liquidation.

During a 5-day trial in July 2018, the court heard that regulations governing debt management companies state that funds belonging to clients are to be held in a separate 'ring-fenced' client account. However, from at least 12 February 2013 onwards, Smooth made transfers from the client account to its own company account in excess of the agreed fees.

The transfers were used for on-going running costs and for the benefit of the directors, who between them received salaries and dividends of £115,992 from 12 February 2013 to 2 August 2013, as well as third parties connected to Mr and Mrs Broadstock.

The court also heard that between 12 February 2013 and 2 August 2013, Smooth failed to pay an estimated value of £572,001 to its clients' creditors and after a winding up petition had been presented against the company on 1 July 2013, Mark Broadstock transferred £109,512 from the client account to a connected company.

None of the funds were used for the benefit of the clients and after Smooth had gone into Administration, the administrators only recovered £49,678 from the connected company. Administrators estimated the shortfall on the client account to be £848,690.

Before the court hearing, the Secretary of State accepted a disqualification undertaking from Mark Broadstock, on 9 June 2017 in which he did not dispute that he failed to ensure Smooth made all payments due to clients' creditors,

he caused or allowed transfers to be made from the client account in excess of fees due to Smooth, and after a winding up petition had been presented, he transferred £109,512 from the client account to a connected company for no genuine trading purpose. His ban became effective on 30 June 2017 and lasts for 10 years.

On 8 August 2018 the Court made disqualification orders against Josie Broadstock (8 years) and Robert Jones (7 years), both of which commenced on 29 August 2018.

The Court found that in failing to prevent the clients' funds which were held on trust from being misused between 12 February 2013 and 2 August 2013, during which time cheques raised for clients' creditors but withheld amounted to £572,001, Josie Broadstock's conduct fell below the standards of probity and competence that could reasonably be expected of her as a director.

Robert Jones left the company in May 2013 and while he was not aware that cheques to clients' creditors totalling £69,223 were withheld prior to his departure, the court found he was aware that a substantial shortfall to clients had accrued by 12 February 2013, and in not taking any steps to prevent the company from continuing to misuse trust monies to meet its own cash requirements, his conduct also fell below the expected standards of probity and competence.

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

Not only was there continued misuse of the client funds and breaches of regulatory guidelines, the directors breached the trust of their clients, which is particularly distasteful given the financial difficulties they already experienced.

Despite the detriment that was being caused to the clients, the directors continued to be handsomely remunerated, and Mr and Mrs Broadstock, or third parties connected to them, even benefitted from spending of over £14,000 on the company's credit card on a legal dispute, a holiday and airline tickets, an anniversary party, and a payment towards the cost of 4 season tickets in the executive lounge of a premier league football club.

The lengthy bans the directors have all received are entirely justified.

Smooth Financial Consultants Ltd (Company Reg no 05346052) was incorporated on 28 January 2005. The business also traded under the name of 'The Debt Advice Centre'. The company went into Administration on 2 August 2013, with an estimated deficiency as regards creditors of £967,569.

Mark John Broadstock is of Rixton, Warrington and his date of birth is February 1980. He was appointed as a director of Smooth on 1 March 2005, and remained so appointed until the date of Administration.

Josephine Lester Broadstock is of Rixton, Warrington and her date of birth is March 1985. She was appointed as a director of Smooth on 26 May 2011 (having previously resigned on 1 October 2009), and remained so appointed until the date of Administration.

Robert Marek Jones is of Bramhall, Stockport and his date of birth is November 1978. He was appointed as a director of Smooth on 31 January 2012. He left the company in May 2013, and resigned his directorship on 28 June 2013.

The disqualification orders against Mrs Broadstock and Mr Jones were pronounced by HHJ Halliwell in the High Court of Justice, Chancery Division, Manchester District Registry on 8 August 2018.

Miss Lucy Wilson-Barnes of Cobden House Chambers appeared for the Secretary of State and Mr Louis Doyle of Kings Chambers appeared for Mr Jones. Mrs Broadstock represented herself.

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.

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