

Press release: Extended disqualification for engineering boss who breached existing ban

In January 2016 David Stuart, of Aberdeen, received a six-year ban following the liquidation of Nabscaff Limited (Nabscaff) of which he was the sole director. He was disqualified for failing to maintain company books and records.

Following Nabscaff's liquidation, however, David Stuart started a new company in September 2013. Tern Engineering Services Limited (TES) provided engineering services to the oil and gas industry and the court heard that between January 2016 and September 2016, David Stuart continued to act as director of the company despite knowing his ban prevented him from doing so.

Following TES's being wound-up in September 2016, an Insolvency Service investigation found, and in extending his disqualification, the court accepted, that:

- Following TES's liquidation, David Stuart allowed liabilities to accrue to HMRC while making unreasonable payments to himself and gambling accounts when he was already disqualified and the company was significantly insolvent and under creditor pressure
- The company received an income of at least £9,999 per month in the 6 months up to December 2015 but in January and February 2016 after David Stuart's initial disqualification order, only £1,250 was received
- During March and April 2016, receipts totalling £34,770 were received into the company bank account, of which £6,000 was withdrawn by David Stuart, £9,300 was paid to gambling accounts owned by him and payments to unknown payees totalling £17,010 were made but no payments were made to HMRC
- By January 2016, HMRC were owed £57,587 accruing since at least June 2015. HMRC were also the sole creditor in respect of the previous company (Nabscaff), in the sum of £115,472, to which the previous disqualification order related.

David Stuart was aware of his existing disqualification even though he did not attend court for the disqualification proceedings and at a court hearing in Aberdeen Sheriff Court on 2 August 2018, the sheriff granted a disqualification order against Stuart, for 11 years. Again, he did not attend.

Stuart's ban, effective from 23 August 2018, means he cannot be involved directly or indirectly in the promotion, formation or management of a company without the permission of the court.

Commenting, Robert Clarke, Head of Insolvent Investigations North at the Insolvency Service said:

Mr Stuart has paid scant regard to the previous finding that he was unfit to run a company and not only breached that ban but continued to put his own personal financial interests above those of and the company's creditors.

This sort of behaviour damages confidence in doing business and is corrosive to the health of the local economy.

Mr David Stuart is of Aberdeen and his date of birth is September 1958.

Tern Engineering Services Limited (Company Reg no.SC456295).

The order was pronounced by Sheriff Napier in Aberdeen Sheriff Court.

Andrew Smith appeared for the Insolvency Service and no one appeared for or on behalf of the defendant.

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

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](#).

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

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“The length of this ban should serve as a warning to other directors; you cannot ignore a court imposed sanction and breach the fundamental duty to a company's creditors without facing investigation by the Insolvency Service and removal from the corporate business environment.”