

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

DRAFT COMPANIES AND LIMITED LIABILITY
PARTNERSHIPS (PROTECTION AND DISCLOSURE
OF INFORMATION AND CONSEQUENTIAL
AMENDMENTS) REGULATIONS 2024

Tuesday 3 December 2024

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The Committee consisted of the following Members:

Chair: CLIVE EFFORD

Alaba, Mr Bayo (<i>Southend East and Rochford</i>) (Lab)	† Jones, Gerald (<i>Merthyr Tydfil and Aberdare</i>) (Lab)
† Baines, David (<i>St Helens North</i>) (Lab)	Kumar, Sonia (<i>Dudley</i>) (Lab)
† Baldwin, Dame Harriett (<i>West Worcestershire</i>) (Con)	† Lavery, Ian (<i>Blyth and Ashington</i>) (Lab)
† Campbell, Juliet (<i>Broxtowe</i>) (Lab)	† Murphy, Luke (<i>Basingstoke</i>) (Lab)
Cooper, Daisy (<i>St Albans</i>) (LD)	† Smith, Sarah (<i>Hyndburn</i>) (Lab)
Costigan, Deirdre (<i>Ealing Southall</i>) (Lab)	† Stuart, Graham (<i>Beverley and Holderness</i>) (Con)
† Fortune, Peter (<i>Bromley and Biggin Hill</i>) (Con)	† Thomas, Gareth (<i>Parliamentary Under-Secretary of State for Business and Trade</i>)
† Holden, Mr Richard (<i>Basildon and Billericay</i>) (Con)	Will Opposs, <i>Committee Clerk</i>
† Hughes, Claire (<i>Bangor Aberconwy</i>) (Lab)	
† Jones, Clive (<i>Wokingham</i>) (LD)	† attended the Committee

Second Delegated Legislation Committee

Tuesday 3 December 2024

[CLIVE EFFORD *in the Chair*]

Draft Companies and Limited Liability Partnerships (Protection and Disclosure of Information and Consequential Amendments) Regulations 2024

9.25 am

The Parliamentary Under-Secretary of State for Business and Trade (Gareth Thomas): I beg to move,

That the Committee has considered the draft Companies and Limited Liability Partnerships (Protection and Disclosure of Information and Consequential Amendments) Regulations 2024.

It is a particular joy, Mr Efford, to serve under your chairmanship in a statutory instrument debate—for the first time, I think. The regulations, which are part of a programme to implement the Economic Crime and Corporate Transparency Act 2023, were laid before the House on 31 October. The Government are committed to tackling economic crime and enhancing the UK's standing as a place where legitimate business thrives. The reforms in the 2023 Act support that by reforming the way in which Companies House operates.

There has already been much progress. In March, stricter rules and checks were introduced; that is already helping Companies House to cleanse the register of fraudulent filings. Companies House's organisational transformation is also in full swing, with the expansion of its intelligence functions and relationship building with law enforcement agencies. Significant advances have, then, already been made, but much remains to be done to make all the reforms a reality. This SI is part of the next phase of reform.

It is a key principle that individuals running companies and other entities should register their details so that they are contactable and can be held to account for the entity's affairs. However, disclosure of personal information on the public register can lead to a risk of fraud and identity theft or put individuals at risk for other reasons, such as in cases of domestic abuse. Currently, in certain cases, an individual can apply for protection of their residential address by the registrar; that prevents it from being made publicly available. However, the current legislation does not allow protection when a residential address was formerly used as a company's registered office address. Companies House regularly receives requests for such protection, including from survivors of domestic abuse, police officers, judges and even Members of this House.

These regulations will deliver the first of several reforms to enhance the protection of personal information. The regulations allow applications to protect a residential address when it was previously used as a company's registered office address. The statutory instrument also caters for the scenario in which a residential address was used as a dissolved company's registered office address at the point of the company's dissolution. In such

cases, an application may only be made six months after the company's dissolution. That is to balance privacy concerns against the interests of third parties who might need to restore the dissolved company to the register in order to pursue a claim against it; examples include creditors and personal injury claimants.

Those applying to court to restore a dissolved company to the register need the company's registered office address as part of the court process. If the registered office address of a dissolved company has been protected, this instrument will also allow the registrar to disclose that address. To do so, the registrar must be satisfied that the address is needed to make an application to restore the company to the register.

Lastly, this instrument also amends legislation that applies company law to limited liability partnerships, to ensure that the framework for limited liability partnerships keeps in step with that for companies. I commend the regulations to the Committee.

9.28 am

Dame Harriett Baldwin (West Worcestershire) (Con): It is a pleasure to serve under your chairmanship, Mr Efford. It is important for the UK's international business reputation that we should have a public companies register, and its transparency is important for dealing with economic crime. However, we accept that having personal information on the public companies register can put individuals at risk of fraud and other harms; I am sure that many hon. Members are aware of such cases. This statutory instrument widens the range of circumstances in which individuals may apply to the registrar to protect their usual residential address where it appears on the companies register by ensuring that the registrar is able to decide not to display that address publicly.

It is good to see the Government carrying forward our broader package of measures from the "Corporate transparency and register reform" White Paper published in February 2022. The White Paper and ensuing measures are important for supporting corporate transparency, which is vital to the UK because of its ability to attract investment, tackle fraud and build confidence.

We support reforms to create a more secure system that allows certain individuals to apply to protect their usual residential address from public disclosure. We are pleased to hear that progress is being made on the pledge from the last Government of a total of £63 million to support the reform of Companies House—about £20 million in additional budget per year, which is important.

We do, however, have some questions about this instrument, including its impact on fraud and public scrutiny of companies. We are not going to oppose the regulations, but I would appreciate it if the Minister replied to the following questions. The explanatory note says that Companies House has been "inundated" by requests to go into the undisclosed part of the register. Will the Minister assure the Committee that Companies House has sufficient resources to deal with the potential step change in workload that the regulations will create?

Does the Minister foresee any issue in people not being able to check whether a company is legitimate? What potential unintended consequences might there be? Could this instrument make it more difficult for

people to check, or to see at all, whether their own address is being used for fraud? What steps will the Minister take to ensure that investigations into companies, such as shell companies locating at one address, are not hampered by this legislation?

In summary, will the Minister describe his ability to scrutinise the registrar's own decision making process with regard to this statutory instrument? How much guidance can he exert in terms of the registrar's discretion? How does he expect discussions to go with the Foreign Office given its work with some of our overseas territories to ensure greater transparency and disclosure of their registers?

9.32 am

Gareth Thomas: I am grateful to the hon. Lady, who rightly said that additional resources have been given to Companies House that will help it apply not just this statutory instrument but others to help the implementation of the 2023 Act. We have carefully discussed, both across

Government and with Companies House, the issue of whether there is a risk of not being able to track fraudulent individuals involved in a company. We believe that the right balance has been struck, although, of course, we will always keep these things under review.

On working with overseas territories, the hon. Lady will understand from her own experience that Government discuss legislation across Departments before it is brought forward, including with colleagues at the Foreign Office, to check that the implications of particular measures are being considered at all levels of the Government. We believe that when the package of measures under the 2023 Act are implemented in full, that will allow us to continue to crack down on economic crime while ensuring genuine privacy for individuals who rightly need it. I again commend the regulations to the Committee.

Question put and agreed to.

9.34 am

Committee rose.

