

FOI Release
Information released under the Freedom of Information Act

Title: Complaints about CICs

Date of release: 28 July 2014

Information request

In every year since 2006 how many CICs have had complaints filed against them? Please disclose the nature of the complaint and the Regulator's response to it. Please also provide company names and locations.

In every year since 2006 how many CICs have been investigated? Please provide details of the allegations and outcomes as well as company names and locations.

In every year since 2006 how many CICs have been forcibly closed? Please provide details of the allegations and outcomes. Please provide company names and locations.

Information released

With regard to the first part of your request I can advise that the number of CICs that have had complaints filed against them since 2006 is 178. A breakdown of the year in which the complaints were received is provided in the table below:

YEAR	TOTAL
2005-2006	0
2006-2007	0
2007-2008	13
2008-2009	12
2009-2010	09
2010-2011	13
2011-2012	16
2012-2013	37
2013-2014	78

You will find some helpful information about the types of complaints received in the Regulator's Annual Reports which are available to view on our website:
<https://www.gov.uk/government/collections/cic-regulator-annual-reports>

With regard to the second part of your request I can confirm that the Office of the Regulator of Community Interest Companies, which by statute is a light touch regulator, has investigated every single complaint. Many of the concerns raised are of a relatively minor nature and include director's disputes, dissatisfaction amongst stakeholders, inappropriate use of social media and customer complaints. The CIC is a broad church, covering every sector of the economy from health and social care to transport, education and the environment and (as you will appreciate) many of our companies also fall under other regulatory bodies such as the Trading Standards Authority and the Social Housing Regulator. The Regulator has a policy of liaising with related parties at the outset to ensure that they as the (possible) lead regulator are aware of any concerns and exercise their powers appropriately. We have drawn up a number of Memorandums of Understanding to help facilitate this.

As a matter of routine, we draw the director's attention to the concerns raised and we give the CIC an opportunity to address them. The Regulator considers the CICs response and determines whether it has acted appropriately, if not we will offer guidance on the way forward with a view to resolving the issue.

The small percentages of CICs that have acted in a more serious manner are carefully considered and appropriate action is taken. As a small regulatory office with six staff we refer such cases to our colleagues in the Companies Investigations Unit of the Insolvency Service. These cases are considered by the team to establish whether an investigation is in the public interest. Such investigations are highly confidential and can take a number of years to resolve.

The Regulator is not at liberty to disclose information about such investigations but we can record that one company namely the Air Ambulance Support CIC (07308919) was taken to the High Court. It claimed to be collecting clothes for the charity "Air Ambulance" but had no connection with the organisation. The High Court ordered that the CIC be wound up under the provisions of the Insolvency Act 1986 on 02 November 2011. The Press Release issued by the Insolvency Service is attached: <http://news-insolvency.bis.gov.uk/Press-Releases/Air-Ambulance-Charity-scam-companies-closed-down-following-Government-investigation-67086.aspx>

As a point of interest, other CICs which have been the subject of a complaint have not been formally struck off the register but have taken the decision to voluntarily wind up and or dissolve shortly afterwards. The Regulator is not able to determine whether this is related to any earlier investigation but it is a pattern nonetheless.

We note that you have asked for details of company names and locations and we would advise that the Regulator has a policy of not providing this level of

information. This is intended to protect the complainant some of whom are closely connected with the individual being complained about. It is also intended to protect the CIC because many complaints are found to be unfounded or caused concern unintentionally and are resolved quickly. For instance, we have had a number of cases where a CIC had given the impression that they are a charity, thereby misleading the public. Steps are quickly taken to ensure that their website, literature and signage are updated to make it clear that they are a CIC and staff are trained appropriately.

We regret therefore that we must refuse to disclose the specific information you require as it is exempt under section 41 of the Freedom of Information Act 2000. This states that information is exempt from disclosure if it was provided in confidence and the disclosure of which may constitute an actionable breach of confidence.