



The Insolvency
Service

2013 Annual Review of Insolvency Practitioner Regulation

April 2014

A BIS SERVICE



Foreword by Dr Richard Judge

During 2013, insolvency issues continued to attract attention as economic conditions improved, with many suggesting that failure rates could increase as the recovery starts. Although numbers of insolvencies were not as high as many expected, each recession poses a stern test for the insolvency regime and our standing in the top ten of the World Bank rankings for dealing with insolvency is a reminder of how well all concerned have risen to the challenge.

Over the past year, the Insolvency Service started a fundamental reappraisal of its role as oversight regulator for the insolvency profession. This is against a background of Government proposals to strengthen the powers of the Insolvency Service as oversight regulator and to introduce regulatory objectives for all insolvency regulators. We have also built on previous activity, and the Complaints Gateway based in the Insolvency Service has now been running for nine months. This means complaints about 98% of appointment taking insolvency practitioners are now being channelled through one contact point, simplifying greatly the process for those complaining about their conduct and giving a better overview of complaints.

Last year, I said we would be focusing on issues around independence and conflicts of interest. There is more work to do on this but I am pleased to report that thanks to co-ordinated activity across the Insolvency Service, eight companies have been wound up in the public interest by the High Court, resulting in a small number of insolvency practitioners being referred to their regulators.

Pre-pack administrations continue to attract concerns about the lack of transparency and our detailed monitoring has continued on the basis of a strengthened Statement of Insolvency Practice (SIP 16). We were also pleased to see increased attention paid by regulators to monitoring of the disclosure reports (SIP 16 reports). This work is now feeding into an independent review for Government by Teresa Graham which is due to report before the summer.

Looking forward, we have asked that regulators make ethical issues one of their top priorities in the coming year, following concerns arising from both our own investigations and elsewhere, and we will be working with them on this. We are also focusing on transparency issues, and plan to publish our own approach to regulation and monitoring later in the year.

2014 looks set to be another busy year in the regulatory arena.

Dr Richard Judge
Inspector General and Chief Executive
The Insolvency Service

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1. Overview

This review:

- sets out the results of work undertaken by the Insolvency Service and the authorising bodies in 2013.
- collates statistical information provided by the authorising bodies on the number of insolvency practitioner authorisations, monitoring visits, complaints and sanctions (see Annex 1).
- provides information on the Complaints Gateway introduced in 2013.
- comments on monitoring activities and findings.
- reports on action taken to wind up introducer firms to protect the public interest.

Complaints Gateway

Launched in June 2013, following collaborative work between the Insolvency Service and the authorising bodies, early signs are that the Gateway is providing useful regulatory information and intelligence to inform the monitoring of complaints handling processes and disciplinary outcomes.

The Gateway has shown that many complaints about IPs (around 35% so far) are categorised as concerning ethical issues and we are currently looking at these in more depth to better understand the specific issues involved. We are working with the insolvency profession to establish whether the current ethical guidance and its application is sufficiently robust or whether any changes are needed to further protect all those with an interest in insolvency outcomes.

Pre-packaged administrations

The continued monitoring of guidance on information provided to creditors showed overall compliance during 2013 at 79% (up from 65% in 2012). In the last two months of the year, following the introduction of new guidance, we were pleased to see compliance rise to almost 90%, with most of the non-compliance of a minor nature.

Next moves in this area will be informed by an independent review, which is expected to report before the summer.

Protecting the public interest

The Insolvency Service took further steps in 2013 to protect the public interest by winding up eight companies which were wrongly promoting pre-packaged administrations as an easy way for directors to escape their responsibilities. Our intent is to ensure both business and public confidence through our work in this area.

Related activities and investigations are ongoing. Outcomes will be publicised and reported at an appropriate time.

2. Regulatory activities undertaken

2.1 Monitoring the authorising bodies

The Insolvency Service monitors the regulatory activities of the authorising bodies by undertaking on-site visits and themed reviews. Most of those bodies are also recognised by the Department of Enterprise Trade and Investment (DETI) which exercises similar oversight powers in Northern Ireland. Where possible, to reduce regulatory burdens, joint monitoring visits are undertaken by both oversight regulators.

Monitoring visits are carried out as a part of the ongoing review of the authorising bodies to ensure they regulate the practice of the profession and maintain and enforce rules for ensuring insolvency practitioners are fit and proper persons so to act and meet acceptable requirements as to practical training and experience.

In practice, the more detailed standards expected of the authorising bodies are set out in a Memorandum of Understanding (MoU) agreed with the Secretary of State, which includes matters such as the granting of authorisations, ethics and professional standards, handling of complaints, retention of records and the disclosure of regulatory information to other regulators and the Secretary of State.

Additionally, the Principles for Monitoring (PfM) set out the detailed matters to be considered by the authorising bodies when monitoring their insolvency practitioners. The PfM includes guidance on the frequency of monitoring visits, key monitoring considerations, liaison between regulators and recommendations as to the timing and content of written monitoring reports.

Monitoring by the Insolvency Service focuses on regulators having appropriate processes in place to ensure that the standards and principles set out in the MoU and PfM are effectively put into practice. Findings are discussed with the individual bodies and reports issued to them, including any recommendations for improvements.

Within the next month, we plan to publish a document setting our further information on our general approach to regulation and monitoring of the insolvency profession.

2.2 Monitoring visit to the Insolvency Practitioners Association (IPA)

A full monitoring visit was undertaken to the IPA, the only Recognised Professional Body (RPB) to be solely involved in insolvency regulation, in November 2013. The Insolvency Service welcomes the IPA's proactive and constructive role in the introduction of the Complaints Gateway and common sanctions guidance, and its lead in implementing proposals for common reviewers of appeals.

It was found that the IPA generally carried out its regulatory work to a good standard, with a particular focus on high profile areas. In particular, the IPA's approach to SIP 16 (pre-packaged administrations) compliance is to be recommended as best practice to be adopted by the other authorising bodies.

Some matters of concern were identified about the handling of complaints, particularly those received in 2012. While the IPA has made good progress in addressing delays, for example by increasing staffing levels and through the introduction of a new IT

system, it was felt that there was room for improvement to ensure that all complaints are dealt with in a timely and transparent manner.

A number of recommendations were made, primarily in relation to the provision of information to complainants, and the Insolvency Service will undertake a follow-up visit within six months.

2.3 Monitoring visit to the Institute of Chartered Accountants in England and Wales (ICAEW)

Overall, the inspection team found that the ICAEW carries out its regulatory functions in a professional and competent manner, with a robust approach taken to compliance with SIP16 and general improvements to systems and processes were noted since the previous monitoring visit in 2009.

The ICAEW undertakes a programme of proactive monitoring to review the work of its insolvency practitioners and to ensure compliance with the PfM. Insolvency practitioners submit information via annual returns and the ICAEW is moving to an electronic return process across all its regulated areas. While the ICAEW generally operates a three-year cycle of visits for insolvency practitioners, larger organisations with several ICAEW licensed practitioners are visited annually.

A change in complaint handling organisational structure and the introduction of a new on-line case management system should enhance the service for complainants. A recommendation was made about the retention of complaint records, which the ICAEW agreed to take into account as part of a wider review. The ICAEW also agreed to provide complainants with more information about the entire complaints process.

2.4 General monitoring issues

The Insolvency Service's monitoring activities have identified some matters of wider significance which we will take forward with all the authorising bodies. These include concerns around the perceived independence of complaints handling, where the RPB also acts in a representative role for its members; the appropriateness of the test to be met in order for a member to be liable to disciplinary action; and regulation in relation to legal requirements to consult with employees where there are collective redundancies.

We have also noted that current monitoring by the regulators has not picked up on the insolvency practitioner activities that were linked to the winding up of a number of 'introducer' companies, and are in discussions with the authorising bodies over how this might be addressed in the coming year. More generally, we will continue discussions with the authorising bodies with a view to ensuring that regulatory processes deliver robust and transparent outcomes.

3. Regulatory developments and outcomes

3.1 Introduction of the Complaints Gateway

The Complaints Gateway, operated by the Insolvency Service, was launched in June 2013¹. Having a single entry point improves accessibility for complainants and allows us to better monitor the number and nature of complaints and associated regulatory outcomes, including the timeliness of disciplinary hearings and appeal processes.

All the authorising bodies, with the exception of the Solicitors Regulation Authority and Law Society of Scotland, participate in the Complaints Gateway. While 92% of insolvency practitioners (and 98% who take insolvency appointments) are covered by the scheme, we are disappointed that not all the regulators participate in the Gateway and are continuing dialogue to try and ensure full coverage.

The participating bodies have contributed constructively to the development of the Complaints Gateway and an analysis of the first nine months operation indicates that it is operating effectively. Authorising bodies provide six monthly updates on the progress and outcome of each complaint.

The majority of complaints received by the Complaints Gateway are in scope of complaints handling processes - in the first nine months of operation the Gateway passed on 78% of the complaints received. The number of complaints received is broadly in line with forecasts and early observations include:

- the most common type of complaint concerns ethical issues (35% of all complaints referred).
- the most common type of insolvency procedure complained about is the Individual Voluntary Arrangement (31% of all complaints referred).
- two appeals have been received against the Complaints Gateway's decision to reject complaints; upon review by Insolvency Practitioner Regulation Section, these decisions were upheld.

In respect of ethical issues, the Insolvency Service is refining its categorisation of the nature of complaints to better understand the true nature of complaints made about ethical issues and will report its findings to the authorising bodies.

Further information, including complaint outcomes, will be provided in an annual report on the operation of the Complaints Gateway, expected to be published in June 2014, which the Insolvency Service will use to further inform the monitoring of complaint handling processes.

¹ <http://www.bis.gov.uk/insolvency/contact-us/IP-complaints-gateway>

3.2 Monitoring of SIP 16

Pre-packaged administrations are cases in which a sale of a part or whole of the business of a company is negotiated prior to the formal appointment of the administrator and then executed by the administrator immediately upon, or very shortly after, their appointment. Concerns have been particularly expressed where the business is sold back to the same management team.

The pre-pack procedure can lack transparency and to address this, SIP 16 came into force on 1st January 2009. A revised version of SIP 16² was implemented on 1st November 2013, which introduced more timely and detailed disclosure requirements.

As a result of the fall in overall compliance reported in the last annual review (to 65%), the Insolvency Service agreed to enhance its monitoring of SIP 16 to include every SIP 16 statement received during 2013. To help improve compliance we also agreed to write to all insolvency practitioners where issues of non-compliance were considered to be relatively minor. More serious breaches of SIP 16 continued to be reported to the authorising bodies.

Following the introduction of the revised and strengthened SIP 16 in November 2013³, insolvency practitioners are now required to issue their SIP 16 disclosure within seven days of the date of completion of a pre-pack transaction. The revised SIP 16 also requires an explicit statement by the insolvency practitioner which confirms that a pre-pack was the most appropriate method of producing the best return for creditors, with reference to how this helped to achieve the stated statutory objective of administration.

During 2013, we received SIP 16 information in relation to 600 companies where the business or assets were reported as being sold through a pre-pack transaction. Information relating to 79% of these cases was in our view fully compliant with the disclosure requirements of SIP 16. During November and December, the first two months operation of the revised SIP 16, there was a notable increase in the quality of information being provided by insolvency practitioners to creditors and 89% of cases were deemed fully compliant.

Where we identified relatively minor breaches of SIP 16 we contacted the insolvency practitioner(s) concerned and they were advised that several breaches of this nature could result in a referral being made to the relevant authorising body. None of the referrals made, however, were in respect of such repeated minor breaches.

As a result of monitoring in this area, a total of 106 insolvency practitioners (including those involved joint appointments) were contacted in respect of 77 companies in administration.

We referred 19 insolvency practitioners to their regulator for cases where more serious breaches were identified so that their SIP 16 disclosures could be considered from a regulatory and disciplinary perspective. These disclosures related to 14 companies in administration, which represents 2.3% of the total number of disclosures

² http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%2016%20E&W.pdf

³ 'Dear IP' 42, which contained guidance to support the previous version of SIP 16, was withdrawn with effect from 1 November 2013

reviewed. All of the remaining non-compliant cases related to a breach of a minor nature.

Examples of a minor breach would include, but not be limited to, a disclosure being sent a couple of days late or the sale consideration not being broken down across all asset categories. In more serious cases there would typically be several omissions from the disclosure or no explanation or justification for the pre-pack sale provided.

Table 1: SIP 16 referrals (2013)

| Authorising Body | No. of IPs at 01.01.14 | No. of IPs reported * |
|---|------------------------|-----------------------|
| Institute of Chartered Accountants in England & Wales (ICAEW) | 704 | 9 |
| Insolvency Practitioners Association (IPA) | 547 | 7 |
| Association of Chartered Certified Accountants (ACCA) | 161 | 1 |
| Institute of Chartered Accountants of Scotland (ICAS) | 95 | - |
| Law Society of England & Wales (LS) | 123 | - |
| Secretary of State (SoS) | 53 | 2 |
| Chartered Accountants Ireland (CAI) | 46 | - |
| Law Society of Scotland (LSS) | 9 | - |

*the table takes into account cases where more than one insolvency practitioner was appointed.

Disciplinary outcomes

SIP 16 breaches during 2013 resulted in the following disciplinary outcomes (including some cases referred during 2012):

- A reprimand, a fine of £1,000 and costs of £2,130 (ICAEW)
- A reprimand, a fine of £500 and costs of £1,380 (ICAEW)
- A severe reprimand, a fine of £4,000 and costs of £250 (IPA)
- A reprimand, a fine of £2,000 and costs of £250 (IPA)
- A reprimand, a fine of £1,000 and costs of £250 (IPA)
- Three formal warnings were also issued by the IPA

An independent review by Teresa Graham is looking at the whole issue of pre-pack administrations and is due to report shortly⁴. The Insolvency Service will consider what further monitoring may be needed in the light of those recommendations.

⁴ <http://www.bis.gov.uk/insolvency/insolvency-profession/Pre-pack%20administration%20review>

Nature of pre-packs

During 2013, we continued to analyse SIP 16 information to further inform our understanding of the nature of pre-pack transactions. The analysis indicated that:

- 73% of business or asset sales were to a connected party.
- marketing activities were carried out by the administrator in 62% of cases.
- an element of the sale consideration was deferred in 65% of cases.

3.3 Action taken against introducer firms

During 2013, the Insolvency Service wound up eight companies which offered misleading, inaccurate and financially damaging information to ailing businesses⁵.

These companies promoted pre-pack administrations to businesses in financial trouble in an inaccurate and misleading way. Directors were given the impression that a pre-pack administration was a closed process that was designed to benefit them rather than the company's creditors; that asset values could be kept low; and that avoiding disqualification was simply a matter of giving the right answers to questions from the Insolvency Service's investigators. The marketing material also risked bringing the insolvency regime into disrepute by making generalised, unsubstantiated and disparaging remarks about the insolvency profession.

As a result of these investigations, six insolvency practitioners with links to the companies were referred to their authorising body to assess whether their conduct warranted disciplinary action and we await with interest the investigatory outcomes.

The Insolvency Service continues to monitor unregulated businesses offering insolvency advice to mitigate potential abuse of the insolvency regime and works closely with the RPBs and R3 to facilitate the exchange of intelligence.

⁵ <http://insolvency.presscentre.com/Press-Releases/Insolvency-Service-winds-up-eight-companies-for-abusing-the-insolvency-regime-69308.aspx>

Annex 1 - Regulatory statistics

Table 2: Number of insolvency practitioner authorisations (2012-14)

| | ICAEW | ACCA | IPA | LS | LSS | CAI | ICAS | SoS | Totals |
|---------------------------------------|-------|------|-----|-----|-----|-----|------|-----|--------|
| Total number of IPs at 1 January 2012 | 694 | 164 | 511 | 135 | 11 | 32 | 102 | 66 | 1,715 |
| Of which number of appointment takers | 547 | 141 | 436 | 17 | 1 | 28 | 95 | 64 | 1,329 |
| Total Number of IPs at 1 January 2013 | 701 | 161 | 530 | 133 | 11 | 39 | 96 | 64 | 1,735 |
| Of which number of appointment takers | 563 | 141 | 444 | 21 | 1 | 35 | 85 | 62 | 1,352 |
| Total number of IPs at 1 January 2014 | 704 | 161 | 547 | 123 | 9 | 46 | 95 | 53 | 1,738 |
| Of which number of appointment takers | 550 | 142 | 460 | 23 | 1 | 42 | 87 | 50 | 1,355 |

Table 3: Authorisations revoked or withdrawn (2013)

| | ICAEW | ACCA | IPA | LS | LSS | CAI | ICAS | SoS | Total |
|-----------------|-------|------|-----|----|-----|-----|------|-----|-------|
| Licence revoked | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |

On 8 March 2013, the ACCA revoked the insolvency licence of <IP's name removed> as he was unable to obtain an enabling bond.

On 18 July 2013, the ICAEW ordered the withdrawal of the insolvency licence of <IP's name removed> of Larking Gowen in Norwich with effect from 6 August 2013 due to misconduct involving the misappropriation of funds from the practice.

On 18 July 2013, the ICAEW ordered the withdrawal of the insolvency licence of <IP's name removed> of Lewis Alexander & Connaughton in Manchester with effect from 6 August 2013 as a result of not adequately supervising the day to day running of his insolvency cases.

Monitoring visits

The purpose of a monitoring visit is to enable the authorising body to make an objective assessment of the conduct and performance of its insolvency practitioners to ascertain whether the practitioner is, and continues to be, fit and proper. Every insolvency practitioner holding at least one appointment is subject to routine monitoring visits. Each practitioner should be visited at least once every three years but, if satisfactory risk assessment measures are employed, the gap between visits may be extended to, but not exceed, six years. Risk assessment measures may include:

- an analysis of information provided by a practitioner to the RPB about case numbers and progression.
- certification of case reviews.
- whether any complaints have been received about the practitioner and the outcome of investigations into those complaints.
- findings from previous monitoring visits to either the practitioner or the practice in which the practitioner works.

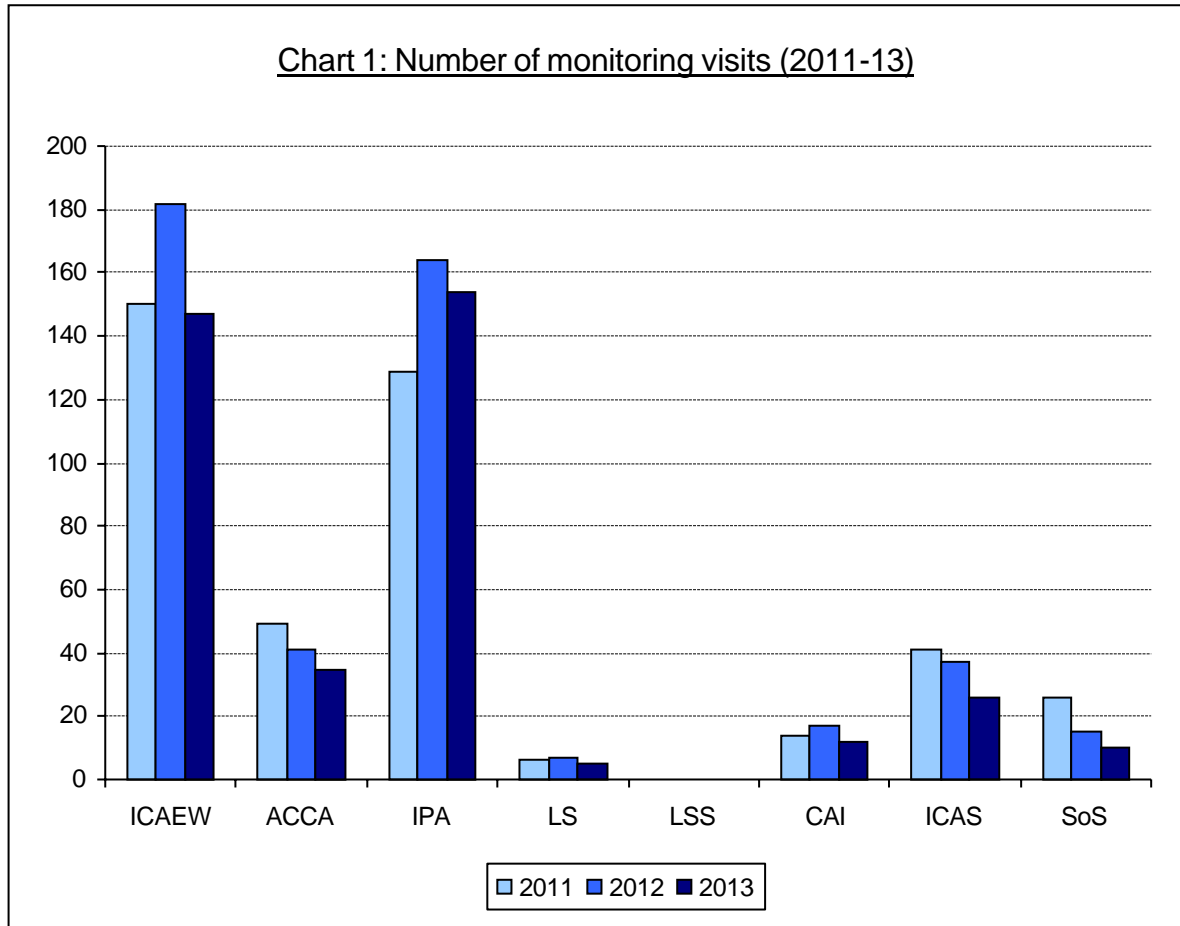


Table 4: Number of monitoring visits (2013)

| Monitoring visits in 2013 | ICAEW | ACCA | IPA | LS | LSS | CAI | ICAS | SoS | Totals |
|---------------------------|------------|-----------|------------|----------|----------|-----------|-----------|-----------|------------|
| Routine | 145 | 30 | 147 | 5 | 0 | 9 | 25 | 4 | 365 |
| Targeted | 2 | 5 | 7 | 0 | 0 | 3 | 1 | 6 | 24 |
| Total visits | 147 | 35 | 154 | 5 | 0 | 12 | 26 | 10 | 389 |

Sanctions

Regulatory action resulting from professional misconduct may occur during three stages: the authorisation stage, particularly when considering the renewal of a licence; following a monitoring visit; and following an investigation of a complaint. The table below details sanctions following monitoring visits concluded in 2013.

Table 5: Sanctions following monitoring visits concluded in 2013

| Sanction | ICAEW | ACCA | IPA | LS | LSS | CAI | ICAS | *SoS | Totals |
|---|-------|------|-----|----|-----|-----|------|------|--------|
| Licence withdrawn | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Licence restricted | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Undertakings & confirmations | 33 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 40 |
| Plans/ recommendations for improvements | 5 | 0 | 33 | 0 | 0 | 0 | 0 | 0 | 38 |
| Regulatory penalty | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |

*The only sanction available to the SoS is to withdraw an authorisation.

Complaints against insolvency practitioners

The graphs below provide information about the number of complaints made to the authorising bodies about insolvency practitioners. The number of complaints received in 2013 increased to 748 from 578 in 2012, a rise of 29%.

Chart 2: Number of complaints received (2011-13)

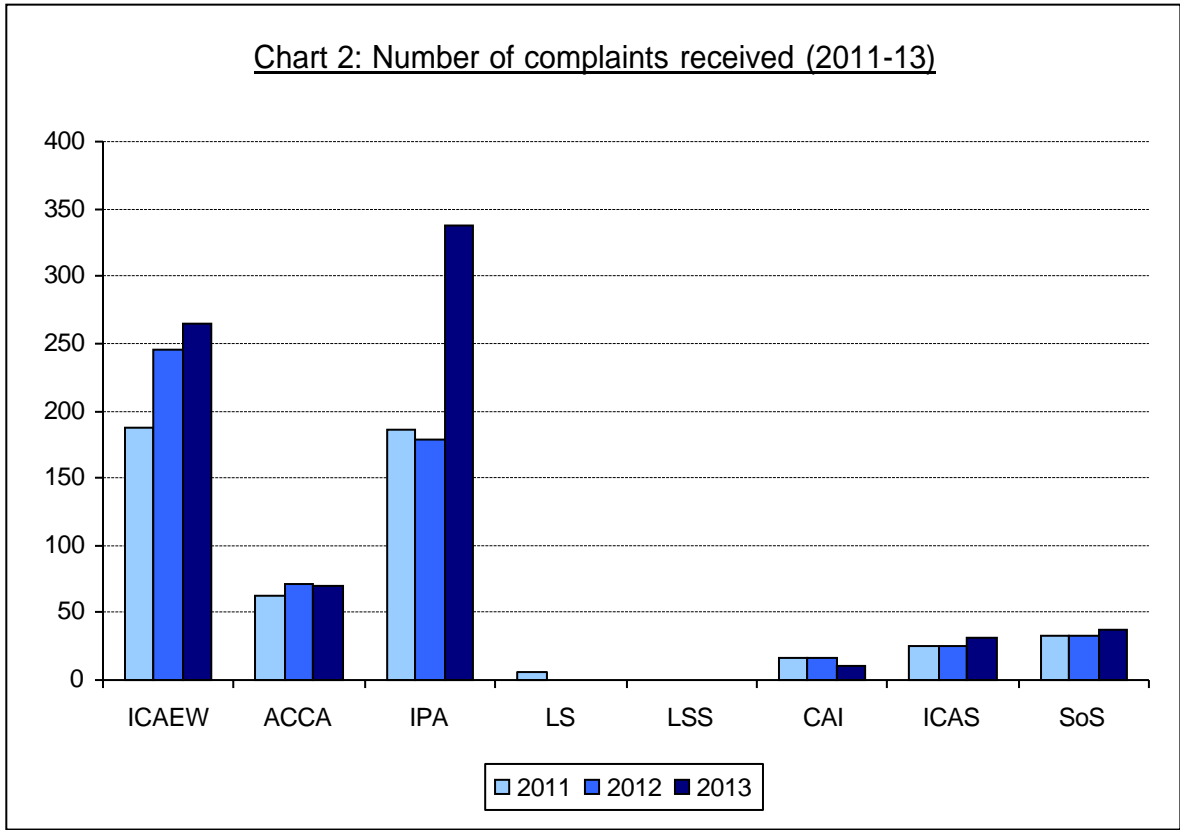
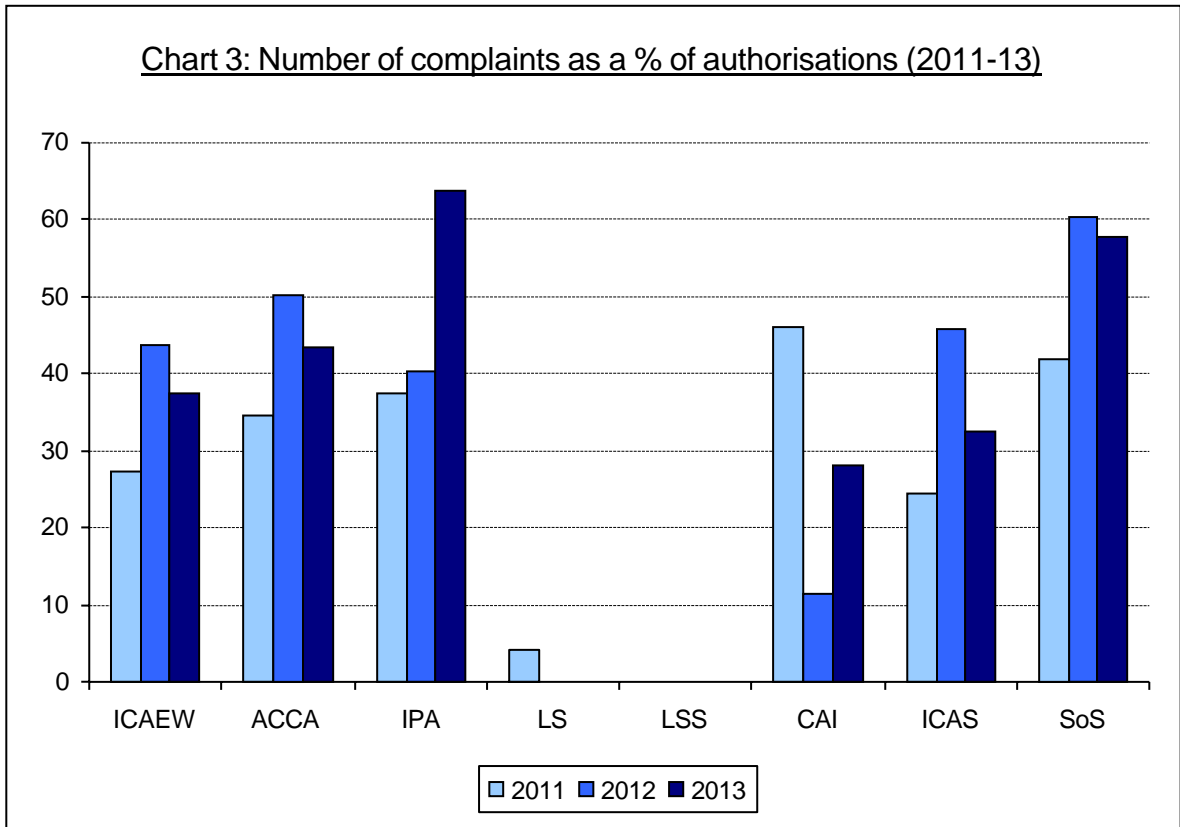


Chart 3: Number of complaints as a % of authorisations (2011-13)



Types of complaint

Details of complaints are supplied to the Insolvency Service and are broken down by case and complaint type to assist in consistency and comparisons across the authorising bodies. The following tables detail the complaints made in 2013.

Table 6: Number of complaints by insolvency procedure (2013)

| Insolvency procedure | ICAEW | ACCA | IPA | LS | LSS | CAI | ICAS | SoS | Totals |
|-----------------------------------|-------|------|-----|----|-----|-----|------|-----|--------|
| Company Voluntary Arrangements | 4 | 1 | 13 | 0 | 0 | 0 | 0 | 0 | 18 |
| Administrations | 54 | 22 | 59 | 0 | 0 | 0 | 7 | 9 | 151 |
| Administrative Receiverships | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 7 |
| Liquidations | 55 | 17 | 99 | 0 | 0 | 5 | 5 | 9 | 190 |
| Individual Voluntary Arrangements | 60 | 9 | 100 | 0 | 0 | 2 | 2 | 9 | 182 |
| Bankruptcies | 61 | 16 | 45 | 0 | 0 | 1 | 7 | 5 | 135 |
| Other | 24 | 5 | 22 | 0 | 0 | 0 | 10 | 4 | 65 |
| Totals | 264 | 70 | 338 | 0 | 0 | 8 | 31 | 37 | 748 |

Table 7: Number of complaints by subject matter (2013)

| Categories: | ICAEW | ACCA | IPA | LS | LSS | CAI | ICAS | SoS | Totals |
|--|------------|-----------|------------|----------|----------|----------|-----------|-----------|------------|
| Remuneration | 8 | 4 | 12 | 0 | 0 | 0 | 1 | 2 | 27 |
| Sale of Assets | 17 | 3 | 30 | 0 | 0 | 0 | 4 | 5 | 59 |
| Communication breakdown/ failure | 27 | 12 | 56 | 0 | 0 | 0 | 2 | 6 | 103 |
| Breach of ethical guidance | 30 | 40 | 174 | 0 | 0 | 6 | 7 | 1 | 258 |
| Company Directors Disqualification Act reporting | 0 | 0 | 7 | 0 | 0 | 0 | 2 | 0 | 9 |
| Misconduct/ irregularity at creditor's meetings | 0 | 2 | 4 | 0 | 0 | 0 | 0 | 0 | 6 |
| Delay in dividend payment | 0 | 1 | 6 | 0 | 0 | 0 | 0 | 0 | 7 |
| Mishandling of employee claims | 3 | 6 | 3 | 0 | 0 | 0 | 2 | 0 | 14 |
| Commercial dispute | 3 | 2 | 2 | 0 | 0 | 0 | 2 | 0 | 9 |
| Complaint against legislation | 1 | 0 | 2 | 0 | 0 | 0 | 1 | 0 | 4 |
| Other | 175 | 0 | 42 | 0 | 0 | 2 | 10 | 23 | 252 |
| Totals | 264 | 70 | 338 | 0 | 0 | 8 | 31 | 37 | 748 |

Table 8: Sanctions following complaints concluded in 2013

| Sanction | ICAEW | ACCA | IPA | LS | LSS | CAI | ICAS | *SoS | Totals |
|---|-------|------|-----|----|-----|-----|------|------|--------|
| Warning or caution (not publicised) | 0 | 6 | 12 | 0 | 0 | 0 | 2 | 0 | 20 |
| Undertaking, consent agreement & fine, reprimand and fine | 2 | 0 | 5 | 0 | 0 | 0 | 1 | 0 | 8 |
| Exclusion & fine | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* the only sanction available to the SoS is to withdraw an authorisation.

Sanctions imposed by the RPBs

On 23 May 2013, the ACCA Disciplinary Committee reached a decision that <IP's name removed> was unfit to participate in the disciplinary process and was ordered to pay costs of £7,500. The allegations made against him included failures to maintain proper records of time costs whilst acting as Supervisor in a Company Voluntary Arrangement (CVA); that he transferred funds in relation to a CVA into an office account in circumstances where some or all of the monies should have been paid to creditors; and in relation to an Individual Voluntary Arrangement (IVA), omitting to state in a proposal the amount of nominee fees he had charged; also in relation to the same case charging fee to be paid out of contributions into the IVA in respect of work for which he had already been paid.

On 19 April 2013, the Investigation Committee of the IPA issued a Disciplinary Order by way of consent against <IP's name removed> of Mill Hill, London. He was reprimanded and fined a sum of £1,000 for failing to conduct sufficient ethical checks required under the IPA Ethics code prior to his appointment as administrator of a company; and also as a result of failing to issue a timely and adequate SIP16 disclosure to enable creditors to form a view as to whether a 'pre-packaged' sale was in their best interests.

On 15 May 2013, the Investigation Committee of the IPA issued a Disciplinary Order by way of consent against <IP's name removed> of Durham in relation to his role as a Supervisor of an IVA. He was reprimanded and fined the sum of £1,500 for having failed to respond to correspondence in a timely manner; for having breached the fundamental principles of integrity and professional behaviour by issuing a notice of

intended dividend and then failing to pay the dividend or retract the notice, as a result of which creditors were misled. He was further found to have breached SIP3 by failing to explain, in his report to creditors, how and why he had exercised his discretion in relation to the IVA.

On 11 June 2013, the Investigation Committee of the IPA considered three complaints against <IP's name removed> and <IP's name removed> about compliance with the disclosure requirements of SIP16. The IPA issued a Disciplinary Order by way of consent against <IP's name removed> and <IP's name removed> in respect of one of the cases. They were issued with a severe reprimand, a fine of £4,000 with a contribution of £250 towards the costs for breaching the provisions of SIP 16 in that there was, amongst other matters, a failure to disclose required information.

On 20 September 2013, the Investigation Committee of the ICAEW issued a reprimand, a fine of £1,000 and costs of £2,130 by way of Consent Order against <IP's name removed> of London. This was in relation to breaches of SIP 16.

On 20 November 2013, the Investigation Committee of the ICAEW issued a reprimand, a fine of £500 and costs of £1,380 by way of Consent Order against <IP's name removed> of Slough. This was in relation to breaches of SIP 16.

Complaints about the authorising bodies

Complaints about the actions of the authorising bodies, for example allegations that they have not followed their own rules or have acted unfairly when investigating complaints against their members, are considered by Insolvency Practitioner Regulation Section.

Table 9: Number of complaints about the authorising bodies (2013)

| No of complaints | ICAEW | ACCA | IPA | LS | LSS | CAI | ICAS | SoS | Totals |
|------------------|-------|------|-----|----|-----|-----|------|-----|--------|
| 2013 | 0 | 2 | 5 | 0 | 0 | 0 | 0 | 0 | 7 |

IPA

The Insolvency Service received five complaints relating to the IPA:

- A complaint about the transparency and timeliness of the IPA's complaint handling process was referred to the Independent Reviewer of Complaints following a determination that no prima facie case of misconduct was made out. The Insolvency Service's review of the complaint is continuing.
- A complaint about the duration of the process and lack of communication provided to the complainant was referred to the Independent Reviewer of Complaints. The Reviewer was satisfied with the way the IPA had investigated

the complaint and following receipt of their report the complaint was not taken further.

- A complaint about a perceived lenient outcome was referred to the Independent Reviewer of Complaints. The Reviewer was satisfied with the way the IPA had investigated the complaint and following receipt of their report the complaint was not taken further
- A complaint about the IPA was not referred to the Independent Reviewer of Complaints by the complainant so not considered further.
- A complaint about an alleged conflict of interest concerning the appointed insolvency practitioners is currently being considered by the Insolvency Service.

ACCA

The Insolvency Service received two complaints relating to the ACCA:

- A complaint about an alleged conflict of interest is currently being considered by the Insolvency Service.
- A complaint was made in relation to the ACCA's complaints process and that the wording of the allegations did not fully capture the nature of the complaint made. The Insolvency Service found that there had been a number of delays during the complaint handling process and also noted that the ACCA's independent assessor had recognised that the wording of two heads of complaint out of a total of 6 heads of complaint had not fully captured the concerns of the complainant. It was, however, concluded that the outcome would not otherwise have been materially different and the decision in relation to the other four heads of complaint was correct.

Annex 2 - Bodies which authorise insolvency practitioners in Great Britain

Recognised Professional Bodies

The Association of Chartered Certified Accountants (ACCA)
29 Lincoln's Inn Fields
London
WC2A 3EE
www.accaglobal.com

Insolvency Practitioners Association (IPA)
Valiant House
4-10 Heneage Lane
London EC3A 5DQ
www.insolvency-practitioners.org.uk

Chartered Accountants Ireland (CAI)
The Linenhall
32-38 Linenhall Street
Belfast
BT2 8BG
www.icai.ie

The Law Society of England and Wales (LS)
c/o Solicitors Regulation Authority
The Cube
199 Wharfside Street
Birmingham
B1 1RN
www.sra.org.uk

The Institute of Chartered Accountants in England & Wales (ICAEW)
Metropolitan House
321 Avebury Boulevard
Central Milton Keynes
MK9 2FZ
www.icaew.com

The Law Society of Scotland (LSS)
26 Drumsheugh Gardens
Edinburgh
EH3 7YR
www.lawscot.org.uk

The Institute of Chartered Accountants of Scotland (ICAS)
CA House
21 Haymarket Yards
Edinburgh
EH12 5BH
www.icas.org.uk

Competent Authority

The Insolvency Service
4 Abbey Orchard Street
London
SW1P 2HT
www.insolvency.gov.uk