

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES

17. LLOYDS - INSOLVENCY FRAUD & FALSE BANKRUPTCY

Lloyds Bank and its professional agents have long exploited the situation, whereby financially-interested “panel” solicitors, acting as agents for the bank, have facilitated the stealing of assets and funds from businesses and individuals, without any legal basis and processed through the judicial system. They have supplied false facts, or failed to provide the correct ones, in order to achieve wrongful branding of certain business customers and targets as bankrupt. Once tarnished with this label, the customers’ standing in the eyes of the court for subsequent proceedings is automatically and often fatally diminished.

Laws governing insolvency require comprehensive overhaul because they have been widely abused by fraudulent insolvency practitioners, while the role of accountancy firms in insolvency, independent business reviews (IBR’s) and administrations requires specific attention. Official delays are presently putting the existence of the Pre-Pack Pool in jeopardy, ahead of a further major round of insolvencies and Government appears not to care that the insolvency process remains open to significant and ongoing abuse.

Insolvency fraud & false bankruptcy

- Insolvency Fraud is a crime, which involves the stealing of assets and funds from individuals and businesses, using insolvency law and the judicial system as the means through which to commit the crime. The modus operandi by which the crime is committed is that what is written on the Statutory Demand is a false representation of facts, which brings the matter within the scope of the **Fraud Act 2006**, because the alleged debts amount to fraud.
- The fact that the Statutory Demand contains this false representation, which is being passed off as genuine, also brings the Statutory Demand within the range of the **Perjury Act 1911**. Statements are often made within the demand, which are false when their author knows the facts or circumstances are false, constituting an offence under Section 5. Orders, which are purported to have been made by a court, have been found not to be in court files. Court staff have obstructed victims from seeing court files and have called on private sector security under contract to HM Courts and Tribunals Service (HMCTS) or police officers to forcibly remove victims from court buildings, when they challenge court staff as to why they cannot see their file.
- Judges who sit in the bankruptcy courts have, in the past, been solicitors or barristers within firms of Insolvency Practitioners and bias or undue partiality may enter the process. Insolvency legislation is being used as the tool to deprive individuals of their rightful assets, constituting major human rights abuse, in conflict with article 1, part 2 of the Human Rights Act 1998, which states that “No person is to be unlawfully deprived of their property”.

- In many cases, insolvency is being used to take away an individual's standing to further a claim in restitution, as with many of the banking fraud cases, where following the bankruptcy or insolvency order, any right of action or claim seeking restitution automatically vests in the insolvency office holder. Banks and other perpetrators know this, so they are using false instruments or debts to originate insolvencies for the purpose of circumventing correct lawful procedure and preventing the claimant(s) from furthering their right to remedy for wrongdoing. The insolvency office holders do not progress the claims in favour of the insolvent and when they do, they demand large sums of money on account, making any prospect justice inaccessible to most, once the damage is done.

Lloyds & BDO – far too close¹

BDO is an example of a panel insolvency practitioner of Lloyds Banking Group (LBG). It has assumed roles as public company “auditor”, so that LBG can work made-up debt imposed on a company, without the permission of directors under the articles or shareholders in AGMs. It has made itself inaccessible to receiving evidence, which by law it must elicit, otherwise be debarred from reporting. BDO, together with LBG, has been caught out in the courts, for wearing an LBG self-interested hat as well as that of some other statutory office holder, and LBG has been ordered to deliver up its panel agreement with BDO.

Pre-pack Pool - its existence in question²

Pre-packs are a fast track insolvency process by which the sale of a company's business is negotiated with a buyer before the formal appointment of administrators. There are advantages in terms of cost but pre-packs have often been abused by fraudulent insolvency practitioners and by connected parties, who have collapsed an existing business only to buy it back at a fraction of its real worth.

Established as a result of the Graham Review (June 2014), the Pre-Pack Pool was designed to clean up the image of pre-packs. The Pool is an independent body of experienced business people, who offer an opinion on the purchase of a business and/or assets from an administrator of an insolvency company, where a connected party is involved, with notable improvements in areas such as valuation and marketing. However, referrals to the Pool remain voluntary and only 8% of 260 connected party pre-packs were referred last year.

Referrals to the Pre-Pack Pool should be mandatory and the definition of connected parties should be tightened. Instead, Government has relaxed the rules around insolvency.

¹ <https://www.thetimes.co.uk/article/lloyds-banking-group-under-scrutiny-for-insolvency-ties-67q0nxrb2#:~:text=Lloyds%20Banking%20Group%20has%20been%20ordered%20to%20lift%20the%20lid,the%20position%20of%20other%20creditors.>

² <https://www.thetimes.co.uk/article/fears-for-future-oversight-of-controversial-pre-pack-deals-3blzd6w7w>