

Objecting to a 'strike off' of a limited company by Companies House

Published on 21 July 2020

Striking while the iron is hot!

Landlords and tenants sometimes find themselves in the position where the company they have been dealing with, sometimes for many years, suddenly stops trading, often leaving outstanding debts.

What kind of debts would affect you?

- These may be rent which an agent has collected but not passed on to the landlord
- Deposits received by the agent and not protected with a tenancy deposit protection scheme
- Any money belonging to you that the agent has not kept in a segregated client account.

These landlords and tenants are often left feeling powerless, especially if the company has been officially struck off the Companies House register, leaving them no other possible course of action.

We, at the Property Redress Scheme have received a number of complaints from landlords and tenants who are owed money by an agent and that agent has not complied with a legally binding decision made by us, as they are no longer trading. We have no option but to expel them from our scheme.

The scenario

The directors shut up shop, think they can just walk away scot-free and maybe intend setting up a new company. That way they can continue trading clear of any responsibility from the old company which is expelled from our scheme.

It can get complicated if the directors have applied and succeeded in getting the company dissolved. Some, less than honourable individuals, try to hide their tracks and it can be difficult to trace them.

Understanding what you can do

Limited companies can be removed from the register voluntarily or struck off by Companies House themselves

Companies House would normally only do this if the company had not submitted accounts, annual returns or responded to any communications.

What is not commonly known is that you can object to a company being struck off the register if you are a shareholder or another interested party, such as a creditor, and have a reason to stop the application. You may want to take legal action against the company and individuals for your money through the courts.

How do you apply?

As part of our process, we now advise landlords and tenants in this position to contact Companies House to make sure the company has not already been struck off or dissolved. We know that doing this as early as possible in our process has meant success for some.

Full guides and instructions can be found on the Companies House website.

What happens next?

Informing Companies House that the company has taken money that should be in their client account is a serious allegation and if the evidence provided is sufficient, your objection will be accepted and the company will not be struck from the register.

This will give you more time to take legal action in the courts against the company in question. It also makes it much harder for the directors to set up new companies.

Other options

Where a company has not been dissolved, you could consider applying to the courts to close or "wind up" the company if it can't pay its debts. This is known as compulsory liquidation, however, the company's debts must be more than £750.

If the application is successful, the company's assets are sold, any legal disputes are settled, the company then collects any money it is owed and used to pay creditors.

This is an option worth considering if there are number of other people in the same position who can join you in a class action, and where you are confident there are assets that can be secured and used to pay you.

Ultimately using client money to service a company's obligations or a director just plain pocketing the cash is a criminal offence. However, it is not always treated as such by the legal system.

This is why we strongly advise undertake a little bit of due diligence before engaging any agent's services and trusting them with any money

