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TECHNICAL UPDATE

ADM, para 3(1)(c) purpose & rejection of proposal

In the case of [Hinton \(as joint administrators of Kession Capital Ltd\) v KVB Consultants Ltd \[2026\] EWHC 785 \(Ch\)](#) the creditors were hostile to the Administration and rejected the proposal. A para 52(1)(c) statement had been made and the Administrators were pursuing a para 3(1)(c) purpose based on payment to the director of his preferential wage claim of £800. There seems to have been confusion around the application of R15.34(2) and the impact of calculating the vote without the inclusion of connected parties. The judge placed the company into compulsory liquidation (CL) for the following reasons: that the para 3(1)(c) purpose was tenuous from the outset, the creditors rejected the proposal, no reason referable to the statutory purpose and not in interest of creditors as a whole to remain in administration, 100% of unconnected creditors had expressed a view that they support the company going into CL and a key creditor will have the deciding vote.

Director personally liable for NIC

In the case of [James Jenkins-Yates v The Commissioners for HMRC \[2026\] UKFTT 480 \(TC\)](#) HMRC had issued a personal liability notice (PLN) for unpaid NIC for a period where HMRC believed payment should have been made. A PLN may be issued in the case of fraud or neglect and

in this case HMRC based it on neglect. The tribunal reviewed the facts which included receipt of furlough funds (including NIC amounts which were not paid), the sole director exercising full control over the company finances, sustained non-payment of NIC from 2020 to 2022 and significant payments to group companies during the period of non-payment. The tribunal decided that based on the objective conduct of the director, he had been negligent.

Beware of AI

In the case of [Cork v Smith \[2026\] EWHC 1199 \(Ch\) \(22 May 2026\)](#) AI had been used in an application for a block transfer and the incorrect rule was quoted as authority. The judge stated that lawyers “cannot outsource the process of legal research or of legal reasoning to an AI. It is a tool to be used with caution.”

Northern Ireland

[The Northern Ireland Insolvency \(Amendment\) Bill](#) is now awaiting Royal Assent. This will bring the NI legislation into alignment with Great Britain when finally introduced.

Changes to Landlord legislation

[The Renters’ Rights Act 2025](#) came into force on 1 May 2026 and will impact IPs dealing with residential properties. If you are dealing with a rented property you needed to have served an

Compliance Corner Proposed amendments to SIP2

The Joint Insolvency Committee has commenced a [consultation on the new SIP 2](#). Each RPB has published access to tracked changes and clean versions.

The first change to be aware of is that this will now apply to Scotland and Northern Ireland, not just England and Wales.

Principles

The principles section has been tweaked to allow for consideration of clearly reporting versus the impact on recoveries. The need to report on anything identified after submission of the CDDA has been put into a separate sentence.

Seeking information

The need to collect books and records before appointment, but in the absence of this, collecting them upon appointment is emphasised. I am not sure if there was confusion about a virtual meeting, being a meeting but the requirements to invite information at a meeting now includes a decision procedure.

Initial assessment

We now have the word “analysis” included when referring to investigations. This seems to tie in with the amendment to record keeping and the need to document your investigation work.

Further steps to be taken

Two key amendments have been made under this section.

[information sheet](#) to the current tenants by 31 May 2026. If you are an IPA member, then I recommend reading Ben Luxford's email guidance on this issue, who has taken on the Role of The Technical Lead.

AML

[The Money Laundering and Terrorist Financing \(Amendment\) Regulations 2026](#) are currently in draft and due to be approved late June.

Practice Direction update

The 195th Practice Direction update advises the change to the [Practice Direction PD 51ZB - The Damages Claims Pilot](#).

AML Compliance

The IPA has produced a [table of compliance](#) issues. A point to remember is that the DAML de minimis only applies when exiting the relationship. You might also find the [answers](#) to the questions from the AML webinar informative.

FCA AML Regulator

IPA has speculated that it will take the FCA until 2029 to have the AML new regime in place.

UK Financial Intelligence Unit (UKFIU)

The UKFIU latest [podcast](#) has been posted and discusses the money laundering issues related to real estate and letting agencies.

HMRC mileage increase

The [HMRC approved mileage rates have increased](#) and in particular, the car mileage has

increased from 45p to 55p for 2026/2027. This will certainly pose challenges for IPs in ensuring they have approval for the correct rate.

HMRC IP Handbook

A new section has been added to the HMRC IP Handbook [Section 28 Economic Crime Levy](#) and the link in this section takes you to detailed guidance and [a link to the online form to notify of the insolvency](#). This was previously covered in Insolvency Practitioner Bulletin 1 (2026): Economic Crime Levy – insolvency process.

IPA Benchmark Report for IVA Volume Providers

The IPA has issued its [2025 Benchmark Report](#) for volume provider regulation.

Consultation: Water Companies & Insolvency

Ofwat has published a consultation on [draft guidance for water companies delivering projects under the Specified Infrastructure Projects Regulations](#) which closes on 21 July 2026. Note should be given to expectations when in a special administration.

Dear IP

The latest [Dear IP 170](#) is now available.

Streamline onboarding

We have been working with [Close Easy](#) in respect of their product which captures and manages pre-appointment data and tasks. Their system removes manual admin work, improves data quality, and reduces compliance risk. A [webinar providing a demonstration](#) is available.

Compliance Corner - ctd

[Further steps to be taken ctd](#)

The first amendment is “subject both to the availability of funds and the appropriateness of using available funds for such purposes,” re-emphasises the need to justify spending creditor money without consulting the creditors.

The second amendment is the need for IPs to ascertain whether a claim may be assigned if the IP is unwilling to pursue due to lack of funds.

[Record Keeping](#)

Record keeping has been moved and the key change is the word “initial” being removed, requiring full and ongoing documentation of investigation and analysis work.

[Reporting to creditors](#)

A significant removal of the need to provide information in the first progress report about the office holder's initial assessment and further investigation. This is also extended to any subsequent progress report. The emphasis in respect of reporting is on not disclosing information where there are “issues of privilege and confidentiality and whether investigations, litigation and recoveries might be compromised by that disclosure”.

[Conduct reporting requirements](#)

There are a couple of points that have been separated to provide emphasis to the requirement. There are two key changes, the first is the change of wording from “may” to “should” in respect of meeting with the director to confirm your understanding of any findings from your investigation. The second is changing “as soon as a request is received” to “as soon as reasonably practicable”.

[Other Reporting](#)

This section has been expanded to remind IPs that submitting information as part of the CDDA does not preclude the necessity of separate reporting in respect of AML, criminality, lack of pension, etc.



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Joanne is also a partner of both The Compliance Alliance and JOH Consultancy which offer a range of services that may be tailored to an individual IP's needs.

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