



How High is the Disqualification Bounce?

A cursory review of recent updates from the Insolvency Service across social media and their website suggests a focus of their enforcement work relates to Covid related financial support, notably Bounce Back Loans (“BBL”) and the Coronavirus Business Interruption Loan Scheme (“CBILS”). Frequently the Insolvency Service puts out press releases around disqualifications they have secured in relation to abuse of such support, particularly BBL.

After noticing the frequency, I then noticed a second important point. As well as the seemingly high number of disqualifications, the lengths of the disqualifications seemed high. In particular there seemed a number of BBL related misconduct resulting in disqualifications of around 10 years. Being aware of the *Sevenoaks*¹ decision on the brackets of misconduct adopted by the judiciary which roughly come down as follows:

- a) The top bracket of disqualification for periods over 10 years. Reserved for particularly serious cases. These may include cases where a director who has already had one period of disqualification imposed on him falls to be disqualified yet again.
- b) The minimum bracket of two to five years' disqualification should be applied where, though disqualification is mandatory, the case is, relatively, not very serious.
- c) The middle bracket of disqualification for from six to 10 years should apply for serious cases which do not merit the top bracket.

When I was being inducted into the world of insolvency and disqualifications as raw recruit at the Official Receiver’s office in London, it was suggested to us that the top bracket was generally for serious fraudulent behaviour. Further, an exercise I carried out in the late 2000s, I was reviewing the causes and lengths of disqualifications and on that occasion the lengths accorded with my previous Official Receiver training. Further, at that time most of the disqualifications tended to be either for failing to keep or maintain adequate books and records or trading to the detriment of the Crown. Such a view prevailed among many insolvency practitioners at least until the start of the Covid pandemic.

Since Covid and the financial support as a result of it, it has felt like this new category of misconduct has resulted most of the disqualification orders being in relation to BBL and CBILS and that the lengths of the disqualifications for this misconduct have been of a greater length than one might expect for similar harm to creditors caused by other types of misconduct.

¹ *Re Sevenoaks Stationers (Retail) Ltd* [1991] Ch 164, notably at 328



Rather than rely simply on an impression of the position, I set out to find any facts that might clarify the position. This led to a review of the Insolvency Service figures for enforcement for the years 2023 to 2024², 2024 to 2025³ and 2025 to 2026⁴ (though the latter was an incomplete year being from April 2025 to January 2026).

Table 1 of the report sets out the total number of disqualifications and the mean length in years. An initial view of the 2023 to 2024 figures reveals that there were 1,222 disqualifications in total with a mean length of 8.4 years and of those some 831 related to Covid-19 financial support scheme abuse (“C19 Cases”) which had a mean length of 9.6 years. At first blush this may look like the C19 Cases received disqualifications which were, on average, 1.2 years longer than other disqualifications.

However, the above does not take into account that the C19 cases are part of the total figures. In fact, after calculating the total years of disqualification from that reporting year (being 1,222 multiplied by 8.4, giving 9,760.8) and subtracting the total years of disqualification for the C19 Cases (831 multiplied by 9.6, giving 7,977.6) one is left with a total of 1,783.2 years of disqualification to divide between the remaining 331 disqualifications, which results in a mean for non-C19 Cases of 5.4 years. Thus, C19 Cases can be seen to result in periods of disqualification over 64% longer than all the other disqualification causes.

If one undertakes a similar exercise for the other two reporting periods, then the results are as below.

Reporting Period	Total Disqualifications	Mean Length	C19 Cases	Mean length	Non-C19 Cases	Mean length
2023-2024	1222	8.4	831	9.6	331	5.8
2024-2025	1037	8.3	737	9.4	230	5.9
2025-2026	898	8	531	9.3	194	6.1

This shows that the mean length of C19 Cases ranges from 52% to 68% more than non-C19 cases. This suggests that C19 Cases have resulted in significantly longer disqualification periods (only just outside the top bracket for disqualification periods per the *Sevenoaks* case on average) as well as forming the bulk by number of the disqualification cases being brought by the Insolvency Service.

This view was reinforced upon reading a press release related to a director who had been disqualified for 7 years in respect of a company which entered a formal insolvency process

² <https://www.gov.uk/government/publications/insolvency-service-enforcement-outcomes-management-information/insolvency-service-enforcement-outcomes-2023-24>

³ <https://www.gov.uk/government/publications/insolvency-service-enforcement-outcomes-management-information/insolvency-service-enforcement-outcomes-2024-25>

⁴ <https://www.gov.uk/government/publications/insolvency-service-enforcement-outcomes-management-information/insolvency-service-enforcement-outcomes-2025-26>



owing HMRC £32m⁵. Further, the director appears to have transferred €4.8m (equivalent to £4.18m based on the HMRC Integrated Online Tariff monthly exchange rate for June 2023, one of the two months in which the transfers occurred) to a bank account in Montenegro at a time when that sum was owed to HMRC. Therefore, owing £32m and having seemingly paid away £4.18m resulted in a disqualification duration of 7 years, yet C19 Cases had a mean length of over 9 years when most related to loans of £50,000.

Once more I had a desire to search for more details to see if this was a one-off issue, or part of a pattern. This led me to the Insolvency Service's Director Disqualification Outcomes: Summary of Results web page⁶. This page contains links through to the details of disqualifications secured by the Insolvency Service. The details include the name of the director, the relevant company, the length of the disqualification and a summary of the unfit conduct.

I created a table of all of the disqualification outcomes (some 289 outcomes in total) and in particular noted the length of the disqualification, the category of unfit conduct and the relevant creditor liabilities as set out in the unfit conduct summary. From this I could also calculate how many years of disqualification per £10,000 of relevant creditor liabilities. To give two theoretical examples, if a director was disqualified for 5 years in respect of a £50,000 C19 Case, then it would result in 1 year per £10,000 of relevant creditor liabilities. If another director received a disqualification of 10 years in respect of £500,000 of trading to the detriment of HMRC then it would be 0.2 years per £10,000 of relevant creditor liabilities. I then ascertained the Median, maximum, minimum and mean disqualification periods per relevant £10,000 of relevant creditor liabilities.

The table below provides the results of this exercise for all the unfit conduct categories that had more than 5 cases (such that one might start to draw useful conclusions from the data):

Unfit Conduct Category	Total Cases	Median Disqualification Period	Minimum Disqualification Period	Maximum Disqualification Period	Mean Disqualification Period
C19 Cases	191	2.044	0.433	4.239	1.985
HMRC	49	0.098	0.002	0.690	0.164
Immigration	29	0.667	0.375	2.333	1.025
Records	8	0.478	0.006	1.333	0.549

Notes on the above:

1. As set out above, C19 Cases include all cases related to the financial support schemes that came about as a result of the Covid-19 pandemic. The relevant creditor liabilities are the amounts owed in respect of the relevant schemes, such as BBL or CBILS;

⁵ <https://www.gov.uk/government/news/loughborough-director-who-transferred-funds-to-montenegro-account-despite-owing-millions-to-hmrc-is-disqualified> - though this link may expire over time, if so an archived link is here: <https://archive.is/AkMD1>

⁶ <https://www.insolvencydirect.bis.gov.uk/iesdatabase/viewdirectorssummary-new-force.asp?surname=>



2. The HMRC category is all cases where the trading was to the detriment of HMRC. The relevant creditor liabilities are the amounts owed to HMRC;
3. The Immigration category is where companies have received fines under The Immigration, Asylum and Nationality Act 2006 following investigations by Home Office Immigration Enforcement⁷. The relevant creditor liabilities are the amounts owed in respect of the fines issued under the 2006 Act;
4. The Records category refers to a failure to keep adequate books and records. The relevant creditor liabilities are the amounts which the Insolvency Service can evidence leaving the bank accounts of the company but for which there is no evidence as to whether they are legitimate business expenditure or anything else;
5. In addition to the above there were 3 disqualifications for misfeasance by the directors, 2 for breaches of data protection legislation and 1 each for breaches of fire safety regulations, trading with knowledge of insolvency and fraudulent trading.

The first observation is that the above supported the position that C19 Cases form a significant portion of the disqualifications obtained by the Insolvency Service. C19 cases are 67% with HMRC at 17.2%, Immigration at 10.2% and Records at 2.8%. Indeed, C19 Cases account for 78% of all the disqualification years obtained by the Insolvency Service in this dataset⁸. HMRC is the only other category to reach double figures with 11.7% and Immigration (4.9%) and Records (2.1%) are the only others able to get past 1%.

The second observation is that, relative to the quantum of relevant creditor liabilities, C19 cases receive significantly longer disqualification periods than other categories of misconduct. Taking the median as the most useful indicator to prevent outliers skewing a mean average, for the same level of relevant creditor liabilities, C19 Cases receive disqualification periods over 3 times longer than Immigration cases, over 4 times longer than Records cases and over 20 times longer than HMRC cases.

As an interim conclusion, the data available seems to support the following:

1. That C19 Cases are a significant portion of the workload of the Insolvency Service with regards to disqualification work that it undertakes; and
2. C19 Cases attract a longer disqualification period than other categories of unfit conduct which results in the same loss to the relevant creditors.

Having noted that the available data supports the above, questions then arise as to the effects of this. Firstly, with such significant resources focussed on C19 Cases, is there a risk that other categories of unfit conduct will not receive as much focus and directors who

⁷ A further point of potential note is that all the weblinks for these cases have a court CIB prefix to the page number which may refer to Companies Investigation Branch which used to be responsible for investigation into companies that had not entered a formal insolvency procedure. Further, all of the cases with a CIB prefix are Immigration cases.

⁸ Being 1,432 of the total 1,833.5 in the dataset



perhaps should receive a disqualification are not targeted for enforcement? And in particular, is there a risk that those other categories have caused a greater loss to creditors?

There is a counter argument to the two questions above with regards to public policy. The period in time when the financial support abuse in the C19 Cases was a trying period for the public and the government. The number of disqualifications (2,099 reported by the Insolvency Service from April 2023 to January 2026) suggests that the abuse was quite widespread and so focussing on disqualification as a method of deterrent in case such a scheme should be necessary in the future is a plausible justification for a focus on such misconduct.

In addition, the C19 Cases often involve lending obtained by the now insolvent companies which was backed by a government guarantee, meaning that if the loan was to go unrecovered, the lender could seek repayment from the government. As such, these cases are where the government has potentially lost out on money⁹. The counter to this is that cases involving trading to the detriment of HMRC also involve money that has been collected for the government. This is why the second preferential element of HMRC claims mostly involves PAYE, NIC, student loans and VAT; all amounts that the company has collected on behalf of, and has to pay over to, HMRC.

Further, the HMRC cases involve significantly more money than the C19 Cases. While it is possible there are more instances of C19 Cases that meet the Insolvency Service's criteria for pursuing disqualification, this does not explain why the disqualification periods are so much shorter for HMRC cases than they are for C19 Cases. And there is a risk that with resources applied to C19 Cases there are what would be valid HMRC disqualification cases that are not investigated.

One could argue that the C19 Cases involve deliberate false statements as to the performance of the Company in order to obtain the lending. However, HMRC cases also involve a deliberate decision not to pay over funds that the company has knowingly collected on behalf of HMRC and the summary of the reasons for disqualification will frequently details all the amounts paid to the directors when the company was not paying the amounts owed to HMRC. As such, the distinction here is narrower than might first appear.

Looking to the future there is a hint in the reporting of the Insolvency Service that the focus may move from C19 Cases to HMRC cases. In the most recent enforcement outcomes data, a new category of disqualification case was added alongside the C19 Cases and dissolved cases: cases related to the treatment of HMRC. As such, it is quite plausible that the focus of the Insolvency Service may change to HMRC related matters.

In addition to the above, there are only so many C19 Cases as the schemes ceased lending money many years ago. Of the £76.84bn lent¹⁰ only £22.62bn has not been paid back and

⁹ As of 29 October 2025 the government had covered £11bn in guarantees to lenders per:
<https://www.menzies.co.uk/five-years-on-whats-happened-to-fraudulent-bounce-back-loans/>

¹⁰ Figures are from the British Business Bank repayment date from September 2025 at
<https://www.gov.uk/government/publications/covid-19-loan-guarantee-schemes-repayment-data-september-2025/covid-19-loan-guarantee-schemes-repayment-data-september-2025>



£12.52bn has been paid out under the government guarantees leaving £13.97bn unpaid. Most of this is loans in arrears or defaulted that have not been concluded with £1.93bn estimated to be fraud related. Eventually all of the potential C19 Cases will either have repaid the loans or will have gone through formal insolvency.

It is hard to avoid concluding both that there has been a concerted effort at the Insolvency Service to target C19 Cases and that longer periods are being sought and obtained compared to the detriment caused by other categories. It will be more interesting to see how these statistics change over the next 12 months as to whether C19 Cases maintain such a strong position in terms of the quantum of both cases and years of disqualifications obtained, or whether HMRC cases might see growth. It will also be of note as to whether the courts will have become accustomed to longer disqualification periods and we will see an increase in the amounts ordered for other case categories once the C19 Cases reduce.

