

EXPLANATORY MEMORANDUM TO
THE REGISTERED OFFICE ADDRESS (RECTIFICATION OF REGISTER)
REGULATIONS 2024

2024 No. 233

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Business and Trade and is laid before Parliament by Command of His Majesty.

2. Purpose of the instrument

2.1 The instrument both streamlines and expands upon existing avenues of redress for individuals who find their residential addresses have been “hijacked” for use as registered office addresses of companies, often for criminal purposes.

2.2 This instrument establishes the process by which the registrar may change a company’s registered office address to a “default address” nominated by the registrar, either by the registrar’s own motion or following application from a third party. The power to change the address is available where the registrar is satisfied the registered office address is not an “appropriate address” as defined by section 86(2) of the Companies Act 2006 (c. 46, “the 2006 Act”).

2.3 The instrument further provides a mechanism by which the registrar can strike a company from the register of companies where the company fails to give notice within the compliance period specified in the instrument of a new address as its registered office address which is an appropriate address.

2.4 The instrument also establishes criminal offences for companies and their officers in default where a company which has had its registered office changed by the registrar to a default address does not change its registered office to an appropriate address within the compliance period.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Extent and Territorial Application

4.1 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the whole of the United Kingdom.

4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the whole of the United Kingdom.

5. European Convention on Human Rights

5.1 Kevin Hollinrake, the Parliamentary Under Secretary of State, Department for Business and Trade, has made the following statement regarding Human Rights:

“In my view the provisions of the Registered Office Address (Rectification of Register) Regulations 2024 are compatible with the Convention rights.”

6. Legislative Context

- 6.1 The regulation-making power in section 1097A (rectification of register relating to company registered office) was exercised in 2016 to make the Company (Address of Registered Office) Regulations 2016 (S.I. 2016/423, “the 2016 Regulations”). The 2016 Regulations provide the registrar with power, on application only, to change a company’s registered office address to a default address nominated by the registrar if satisfied that the company is not authorised to use the address.
- 6.2 Section 28 of Economic Crime and Corporate Transparency Act 2023 (c. 56, “the 2023 Act”) substituted a new section 86 into the 2006 Act, which contains a duty on a company to ensure that its registered is at all times at an “appropriate address”. Under section 86(2) an address is an “appropriate address” if, in the ordinary course of events (a) a document addressed to the company, and delivered there by hand or by post, would be expected to come to the attention of a person acting on behalf of the company, and (b) the delivery of documents there is capable of being recorded by the obtaining of an acknowledgement of delivery.
- 6.3 Section 105 of the 2023 Act amended section 1097A of the 2006 Act. The amended section 1097A power has been widened and provides that the Secretary of State may by regulations make provision authorising or requiring the registrar to change the address of a company’s registered office if satisfied that it is not an appropriate address within the meaning given by section 86(2). Under section 1097A(1A), the regulations may authorise or require the address to be changed on the registrar’s own motion or on an application by another person.
- 6.4 This instrument is made under section 1097A of the 2006 Act, as amended by section 105 of the 2023 Act. This instrument revokes and replaces the 2016 Regulations.

7. Policy background

What is being done and why?

- 7.1 Following the [Corporate Transparency and Register Reform White Paper](#) published in February 2022, and building on the enactment of the Economic Crime (Transparency and Enforcement) Act 2022 (c. 10) a key objective of the 2023 Act is to reform the role and powers of the registrar of companies (whose functions are carried out by the officials of Companies House) including in respect of the accuracy and legitimacy of the information pertaining to companies on the register.
- 7.2 It is not uncommon for an innocent party to find that a company with which they have no involvement has misappropriated their residential address and filed it with Companies House in satisfaction of the statutory requirement to provide a registered office address (“ROA”). Cases are frequently reported in the media and there have been regular calls for further action to be taken to help victims.

Explanations

What did any law do before the changes to be made by this instrument?

- 7.3 Under the 2016 Regulations, a process has existed whereby a person can apply to the registrar for their address to be removed from the register entry for a company which is alleged to be using the address without the applicant’s authority, but the process requires the registrar to afford the company a notice period of at least 28 days in

which to provide evidence of its legitimate use of the address. Only if and when that period has elapsed without the requisite evidence forthcoming can the registrar take action to remove the offending address from the register. The registrar has no power to act on the registrar's own motion, in the absence of an application, or to act without first giving the company a period within which to object.

7.4 Under the 2016 Regulations, once a company has had its registered office address changed to a default address nominated by the registrar, it is possible for the company to "squat" indefinitely at the default address. There is no criminal offence for the company or its officers in default for failing to change the registered office address to a non-default address which the company is authorised to use.

7.5 The registrar may seek to initiate striking off proceedings under section 1000 of the 2006 Act on the basis that if a company has failed to change its registered office address from a default address, there is reasonable cause to believe that the company is no longer carrying on business or in operation. However, a company can halt that process by showing a "sign of life" so as to displace that belief, and can continue to squat at the default address.

Why is it being changed?

7.6 The amendments made by sections 28 and 105 of the 2023 Act are intended to put an end to the problems outlined above. The 2023 Act, in combination with this instrument, streamline the process of rectifying the register, in favour of the victims of address misappropriation (and other register users).

What will it now do?

7.7 This instrument provides that, as well as acting on the basis of applications, the registrar can act unilaterally, based on any information in the registrar's possession, moving swiftly to change a company's registered office address without giving notice in advance, in cases where that is necessary.

7.8 In cases where the registrar considers it necessary to provide an opportunity for the company and others to object to a proposed change of the address, the registrar has flexibility under this instrument to determine the length of the objection period.

7.9 This instrument criminalises a company and its officers in default where, having had its registered office address changed to a default address, the company does not change it to an appropriate address within the compliance period laid down in this instrument.

7.10 The registrar is also empowered in this instrument to strike off the register (and thereby dissolve) a company which squats at a default address beyond the compliance period, even if it is not reasonable to believe the company is defunct.

8. European Union Withdrawal and Future Relationship

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 This instrument is a standalone measure and does not amend or consolidate existing laws. It revokes and replaces the 2016 Regulations.

10. Consultation outcome

- 10.1 In 2019, the Government consulted on a range of options to enhance the role of Companies House and increase the transparency of companies and other legal entities. The consultation received 1,320 responses, and respondents broadly supported the proposals. A copy of the consultation and Government response can be found here: <https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform>.
- 10.2 The initial consultation was followed by three further consultations. These focused on: the powers of the registrar, improving the quality and value of financial information on the UK companies register, and on implementing the ban on corporate directors. These three consultations opened in December 2020 and closed in February 2021. Respondents were broadly supportive of all the measures proposed.
- 10.3 A copy of the latter three consultations, a summary of the responses and the Government's position on reforming Companies House as a whole can be found in the Corporate Transparency and Register Reform White Paper: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1060726/corporate-transparency-white-paper.pdf.
- 10.4 The Government has also engaged with Devolved Governments on matters which fall within areas of devolved competence. This includes the provisions of the 2023 Act which are referred to in this Memorandum. All devolved issues have been settled. Legislative consent has been obtained from Welsh and Scottish Governments. As legislative consent from Northern Ireland cannot be obtained until an Executive is formed, the Government legislated without consent, but agreement was reached at official level.

11. Guidance

- 11.1 Companies House will publish guidance on their approach to applying the new procedures provided for by this instrument.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 A full Impact Assessment has not been prepared for this instrument because compliant businesses who do not provide erroneous or fraudulent information should not be impacted. This was outlined in the Impact Assessment published alongside the primary legislation. See here for more information: <https://publications.parliament.uk/pa/bills/cbill/58-03/0154/1.ImpactAssessmentfromDepartmentforBusinessEnergyandIndustrialStrategy.pdf>.

13. Regulating small business

- 13.1 The legislation applies to activities that are undertaken by small businesses. No specific action is proposed to minimise the regulatory burdens on them as no regulatory burden is expected for companies that are acting legitimately.

14. Monitoring & review

- 14.1 The Department for Business and Trade and Companies House will monitor all the reforms to Companies House enabled through the 2023 Act and will periodically publish research on their impact.
- 14.2 The instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, Kevin Hollinrake, the Parliamentary Under Secretary of State, Department for Business and Trade, has made the following statement:
- “A statutory review clause is not included in the instrument since the additional requirements are not extensive and are considered to meet the Government’s ‘de minimis’ regulatory impact criteria, meaning no impact assessment is required.”

15. Contact

- 15.1 David Leitch at the Department for Business and Trade
Telephone: 0300 068 5713 or email: david.leitch@businessandtrade.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Matthew Ray, Deputy Director for Company Law and Transparency at the Department for Business and Trade, can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Kevin Hollinrake, Parliamentary Under Secretary of State at the Department for Business and Trade, can confirm that this Explanatory Memorandum meets the required standard.