



Following our previous [alert](#), in which we highlighted an issue with entries relating to registered security maintained at Companies House being incorrectly updated to indicate that they had in fact been discharged without the awareness of the relevant company or security holder, it appears that some (potentially all) unauthorised filings have been – or are in the process of being – corrected. Is this good news? Yes, but with some reservations.

Current Position

In respect of (some) affected security, we have seen the following entry made in the filings section of the company register maintained at Companies House:

“Rectified: the material was formerly considered to form part of the register but is no longer considered by the registrar to do so”

While the charges register has also been corrected – so that the affected registered security is once again showing as outstanding – there is no obvious link between the entry above, changes to the charges register and the previous erroneous filing (evidence of which has also been removed). To a third party (even the directors of the relevant company/security holder) it is not obviously apparent what this recent entry relates to unless they were already aware of the acceptance of the unauthorised filing.

Since discovering the issue, the registrar has not made any public comment in relation to the incident so there remains no certainty of what it was that actually happened, why it has happened, and how many companies have been affected. Equally, there is no real certainty in relation to the basis on which the registrar has amended the affected company registers, save to note that the registrar will have been certain to act within powers available to her. There has been supposition among various market participants, both in relation to the “how” and the basis for the correction being made, but, with no knowledge of the facts, it is difficult to bring a satisfactory close to concerns.

We understand that the “gateway” that allowed the filings to be received and then accepted, has been identified and shut down. Therefore, the number of companies identified as affected should be finite. We also understand that affected companies have or will be notified. However, to the wider public, who may not be aware of this issue, the filing history of the company could be confusing.

Registrar’s Powers

New broader powers, and wider discretions, became available to the Registrar as part of the phased implementation of The Economic Crime and Corporate Transparency Act 2023, taking effect on 4 March. Certain of these new powers give the Registrar greater authority to correct entries on the company register (without needing a court order) to ensure that it provides an accurate factual reflection of the details required to be recorded on the company file. Those powers also allow the Registrar to make her own assessment of whether items that have been filed meet the requirements of the regime under which they are made, and, if considered not to be the case, they can be rejected at the point of being submitted or removed after being accepted.

We understand that it is these powers that have given the registrar power to amend the registers of those companies affected.

Wider Impact?

During the timeline in question, we understand that Companies House did not restrict other filings being made, and in some cases, affected lenders have in fact processed the completion of further registrable security that has been filed and successfully registered. Equally, there is a risk, even if remote and arguably requiring an element of bad faith on the part of the company, that other secured creditors could have submitted new security for registration, which will now also show on the company register, but being later dated than the reinstated affected registered security – if any such circumstances are now in play, then the unwinding and resolving of that will be complex.

Lack of transparency understandably has made, and continues to make, people nervous.

What Next?

Whether Companies House will disclose publicly any detail about this issue remains to be seen, but those that rely on Companies House registers are still taking a cautious approach, and that comes at a cost when advisers are having to check and double-check transactions and records.

In the event that Companies House does nothing more than it already has, then being aware of the issue, making a note that this issue did in fact arise (in case an uncorrected statement of satisfaction is identified at a future point of refinance or financial distress for any company) and generally being cautious when relying on filings in the future will be best practice – although this is far from ideal.

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