

## REGULATORY INTELLIGENCE

## Kicked into long grass: UK ditches Economic Crime Bill promised by Prime Minister last month

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The UK government will not take forward the Economic Crime Bill that Prime Minister Boris Johnson committed to just last month. A former government minister confirmed the legislative package had been dropped by Downing Street.

"In the longer term, an Economic Crime Bill to fill the regulatory gaps should be presented to parliament. This was foolishly rejected last week as a candidate bill for the next parliamentary session," said Lord Theodore Agnew, the government's former counter-fraud minister, who resigned on Monday.

The bill, parts of which were first developed in 2019, would have allowed for reforms to Companies House, the UK's corporate register and the establishment of a register of overseas beneficial ownership. Enhancing the intelligence and information-sharing gateway set out in the Money Laundering Regulations 2017 was an element recently added by HM Treasury. All these steps are deemed critical to toughen the UK's ability to tackle financial crime including money laundering and fraud.

"There is no connection with this issue in Downing Street," said Tom Keatinge, director at the Centre for Financial Crime and Security Studies at the Royal United Services Institute (RUSI).

The bill could be revived if there is enough public outcry, he said.

"I'm shocked. Treasury and BEIS say they support this bill. Regulations need to be tighter, sharper, more fleet of foot and better resourced [to fight financial crime and fraud]," Kevin Hollinrake, MP (Con) and a member of the Treasury Select Committee told a Transparency Taskforce webinar yesterday.

The Treasury Committee will present its economic crime report next week, he said.

"The government's legislative agenda for the next parliamentary session will be set out in the Queen's Speech," said a spokesperson at the Department for Business, Energy & Industrial Strategy (BEIS), which is responsible for Companies House and the property register.

A new parliamentary session is set to begin in June.

### Companies House reform vital

Frustration with high levels of fraud in the government's Coronavirus Bounce Back Loan Scheme (BBLs) — an estimated £4.9 billion — and lack of action to address it prompted Lord Agnew's resignation.

More than 1,000 companies were granted BBLs, which were not trading when the COVID-19 pandemic struck in early 2020. BEIS and the British Business Bank failed to understand that company formation agents hold in stock companies with earlier creation dates, Lord Agnew told the House of Lords on Monday.

"One of the issues raised by COVID loan fraud is the abuse of Companies House. It's madness that we're not going to reform one of the main issues that allowed COVID fraud to happen," Keatinge said.

Companies House abuse is a gateway for criminals to launder money and kleptocrats to funnel money through the UK, Hollinrake said.

"The UK facilitates criminal activity and some of our own rules make it easy for people to funnel money through the UK using shell companies and property," Hollinrake said.

It costs £12 to register a company in the UK and there are plenty of registration agents willing to help people establish UK companies for laundering purposes, he said.

### Pressing ahead with economic crime plan 2.0

Despite the government not making any parliamentary time to push through financial crime legislation, the Home Office is paying Deloitte £359,300 to help develop another economic crime plan. The first version is only 40% complete with many key initiatives languishing.

Johnson told President Joe Biden's Summit for Democracy just last month that the UK government would press ahead with the long-awaited legislation.



"Britain will take even stronger measures against the illicit finance that undermines democracy everywhere, strengthening our law enforcement powers to go after the criminals who abuse our corporate structures. We will bring more openness to the purchase of properties in the UK by overseas entities," Johnson [told](#) the event on December 9.

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