

The UK government provides the perfect 'no questions as...

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I had a mail from a person in the company formation business in the last few days. They said:

I don't know if you have picked up the quite ridiculous implementation of the 4th MLR [Money Laundering Regulation] directive as applied to company registration agents. Company registration is part of our business.

Despite being told both by Companies House and through the association of Company Registration Agents that there was no plan to bring it [implementation of this Directive] in in the foreseeable future, the regs were passed on Friday 23 June, with effect from the following Monday. Quite a scramble to do what we could, once we had picked it up on the Tuesday.

Quite rightly, we now have to do due diligence on clients and PSCs [Persons with Significant Control] of the company on every formation. I know you will agree that this is long overdue. This is less of a problem for us than most of the industry because a very high proportion of our work is done for solicitors and accountants and, with their agreement, we can rely on their due diligence.

But, and it is a very big but, the rules do not apply to the online formation service offered by Companies House itself! This obviously makes compliance by the rest of us totally meaningless. They have now mopped up over 40% of the formation business anyway. What they provide is a totally mechanical service, with no advice or correction of obvious client errors, what we in the past derided as a real bucket shop service. The professionals at Companies House quietly shake their heads in shame.

This all stems from Cameron's wish to see the UK offer the simplest company formation system in Europe, which we did anyway.

Four things. The statistic that forty per cent of incorporations get round this regulation by being undertaken with Companies House is correct: I have checked.

Second, I strongly suspect that ratio will increase as Companies House will now be a lot

cheaper as appropriate law, and so cos, does not apply to it.

Third, I do, of course agree that the law in question is necessary.

Fourth, yet again the UK government is turning a blind eye to corporate abuse. It does so on tax, where about a million companies a year fail to submit corporation tax returns, and now it is doing so on money laundering. It is as if they wanted to set the UK up as the world's favourite centre for dodgy, untaxed money as if it were the successor to the dubious tax havens of times gone past. The suspicion that this might actually be true is becoming increasingly hard to avoid.