

## Disqualification orders and undertakings – 2021/22 statistics

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### Key points

- The Insolvency Service obtained, or had significant involvement in obtaining, 802 director disqualifications in 2021/22. Of these, 666 (83%) were undertakings and 136 (17%) were obtained by court order. The number of disqualifications in 2021/22 was 18% lower than in 2020/21 (981), following seven years during which the number of director disqualifications remained stable.
- Before the coronavirus (COVID-19) pandemic, the number of disqualifications had been stable at between 1,200 and 1,300 between 2013/14 and 2019/20. Lower numbers in 2020/21 and 2021/22 coincided with historically low numbers of company insolvencies during the pandemic.
- The mean average length of director disqualification in 2021/22 was 5 years and 10 months. The average length has been between 5 years and 5 months, and 6 years in each of the past ten financial years.
- During 2021/22 there were 314 bankruptcy and debt relief restrictions orders and undertakings, similar to the 302 in 2020/21, but lower than levels seen before the coronavirus pandemic. The past two years have seen the lowest levels in the time series going back to 2009/10. The lower numbers of restriction orders coincided with a fall in the number of bankruptcies during the same period.
- As at 31 March 2022 there were more than 6,500 former directors with active disqualifications and over 2,000 individuals subject to bankruptcy and debt relief restrictions.



## What does this mean?

The lower number of director disqualifications in the past two years is linked to historically low numbers of company insolvencies between April 2020 and June 2021. The increase in insolvency numbers since July 2021 has not yet resulted in an increase in director disqualification outcomes due to the time gap between an insolvency and the completion of investigations and subsequent proceedings.

Future case numbers may be impacted by the ability to disqualify directors of dissolved companies following the enactment of The Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act. We reported on this new piece of legislation in February this year.

The most common allegation was in relation to unfair treatment of the Crown (which usually refers to HMRC) or otherwise known as trading to the detriment of the Crown where company monies which should be paid to the Crown in respect of tax is used as working capital), which was associated with 37% of director disqualifications in 2021/22. Unfair treatment of the Crown can range from cases where a director had made a conscious decision to pay other creditors and not HMRC, to cases where a director has defrauded or attempted to defraud HMRC. This has been by far the most common allegation made since comparable records began in 2011/12. The second most common allegation in 2021/22 was in relation to COVID-19 financial support scheme abuse. We are seeing disqualifications in the middle to high brackets where this allegation is concerned.

## How we can help

For further help and advice on the topic of director disqualification please get in touch with [Tania Clench](#) or our [commercial disputes](#) team.



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Legal Director