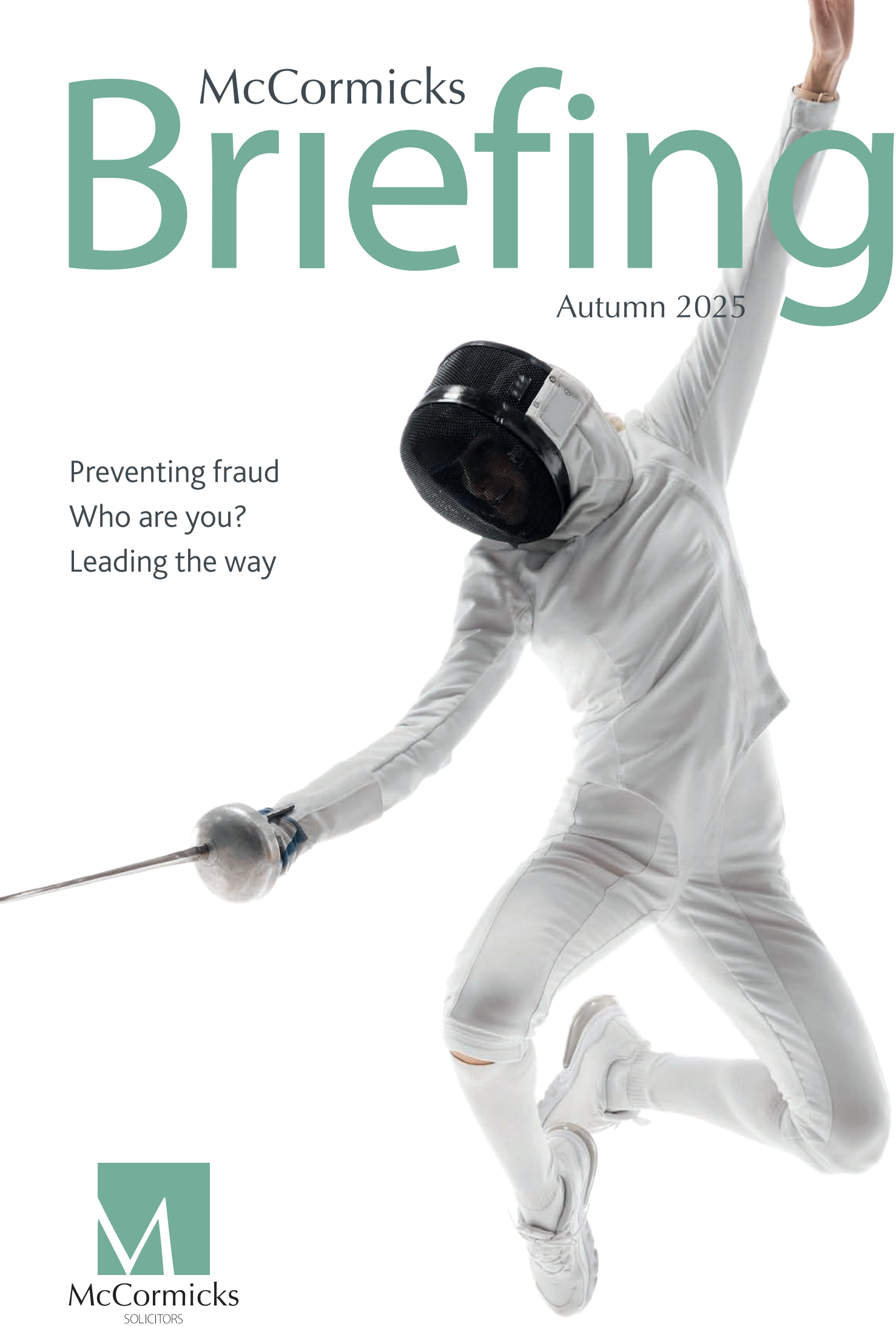
McCormicks

Briefing

Autumn 2025



Preventing fraud

Who are you?

Leading the way

McCormicks

SOLICITORS

Welcome to the Autumn edition of the Briefing, our regular newsletter.

Busy times ahead

Peter McCormick OBE

While autumn seems to have arrived, there is no slackening of pace at McCormicks and I am pleased to report that we are certainly keeping busy.

As you would expect, we have been keeping a close eye on the football clubs with which we work to ensure the beginning of the new season lives up to their – and our – hopes.

Our own team is keeping on top of various changes to the law and new Acts, about which you can read more in these pages. They are, however, also still finding time to support charities and organise events.

We are repeating our highly popular Halloween Quiz on Thursday 23 October and we are gearing up for the 31st Yorkshire Young Achievers Awards which take place at the Leeds United Centenary Pavilion on Thursday 13 November. If you have not booked your tickets yet, do not leave it too late or you will miss an inspirational event which will help keep out the cold all winter.

Our next issue of the Briefing will be even more jampacked with news as we bring you pictures from our events and our latest recommendations in the leading guides to the legal profession. Make sure you are on our mailing list.

Peter McCormick OBE

Super speaker

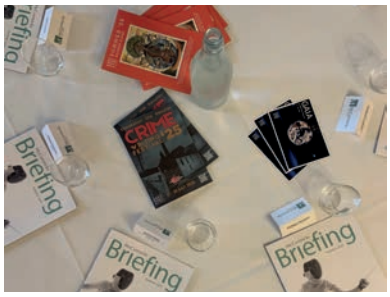
McCormicks was delighted to welcome guests to a new speaker event this summer.

The event was a sell-out and guests enjoyed breakfast at Harrogate's West Park Hotel before the Chief Executive of Harrogate International Festivals, Sharon Canavar, shared her stories and insights into the festivals, the work behind the scenes and what they mean to the whole district and beyond.

Harrogate International Festivals began in 1966 and now offers a huge range of arts, including the Theakston Old Peculier Crime Writing Festival, now the world's biggest, and the Summer Music Festival, along with the Literature Festival and the Sunday Series.

Across the 2023-24 season, the Festivals delivered over 200 events, issuing 28,324 tickets across its portfolio of activities. This included attracting an estimated 70,000 visitors to free to access events.

We are now under way with planning for our next speaker event which we plan to hold in March – watch this space!



Harrogate International Festivals Chief Executive Sharon Canavar is our first guest speaker.

Football Fellowship

Senior Partner Peter McCormick OBE has been elected to the highest level of the Fellowship of the FA by the Professional Game Board.

Peter served the full maximum term of nine years on the FA Board (2015 to 2024) and chaired the FA from 2020 to 2022.

He chaired the Professional Game Board from 2018 until 2023 and was a member of it from 2015 until 2025.

The FA FOR ALL

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Aiming high

McCormicks were main sponsors for the Bolton Charity Clay Day in August.

The event raised funds for the Game and Wildlife Conservation Trust and the Horatio's Garden charity which builds and looks after gardens in the heart of NHS spinal injury centres.

Trainee Solicitor Max Marsden was one of the McCormicks team who took part and said: *"It was a fantastic day of clay shooting and giving back — all in the spirit of good fun and even better causes.*

"It was a brilliant day of challenging stands, good company, and great sportsmanship (although we will politely gloss over where McCormicks placed!)."

Taking a well-needed break; and the McCormicks sponsored caps.

Teeing off for fundraiser

McCormicks was the title sponsor for the Henshaws Golf Day at Rudding Park, Harrogate.

A total of 21 teams braved early showers on the course to raise £12,500 for Henshaws, which supports young people living with sight loss and other disabilities to go beyond expectations.

Fundraising Development Manager at Henshaws Flora Simpson said: *"A huge thank you to our title sponsor McCormicks Solicitors for their continued support, we couldn't do it without you."*

The McCormicks team was, from left, Andrew Kennedy of ADK Chartered Accountants, Chris Hastings of Atlas Consultancy Group, Matt Donnelly of Abacus and McCormicks Partner James Towler. Pictures by Mike Whorley Photography.

Leading the way

McCormicks has been recognised again with awards from leading online commercial publications.

The practice has been named Sport, Media and Entertainment Law Firm of the Year in the ACQ5 Law Awards 2025, with Senior Partner Peter McCormick OBE named Sport, Media and Entertainment Lawyer of the Year in the same awards. Voting for the awards, now in their 16th year, closed in July with a grand total of 116,924 nominations.

McCormicks has also been named Best Corporate Law Firm 2025 – UK in the eighth annual Corporate Excellence Awards, run by Corporate Vision magazine.

The Corporate Excellence Awards remain committed to celebrating the world's leading businesses who are committed to innovation, business growth, and providing the very best products and services to clients across a wide range of industries. The magazine is published monthly online, boasting more than 580,000 page views in the last 12 months from 155,000 website users.

A new Act aimed at preventing fraud has just come into force.

Preventing fraud

Lana Wilks from our Commercial Litigation team looks at the details.

The Economic Crime and Corporate Transparency Act 2023 ("ECCTA") introduces a new corporate offence of "failure to prevent fraud", which came into force on 1 September.

This offence is designed to hold large organisations liable where they fail to prevent certain fraud or false accounting offences committed by persons associated with them, for the organisation's benefit. The introduction of this offence significantly lowers the threshold for prosecuting organisations, as it is no longer necessary to prove the involvement of a "directing mind and will".

A core aspect of the offence, is that to be convicted, the fraud must have been committed with the intention of benefitting the organisation or clients of the organisation. This can be a stand-alone intent or accompanied by an intent to benefit the associated person personally.

The "benefit" aspect does not have to be of financial gain, or any gain at all – just the intent to receive a benefit.

SCOPE OF THE OFFENCE

The new offence covers a wide range of fraud and false accounting offences, including:

- Fraud by false representation (section 2, Fraud Act 2006)
- Fraud by failing to disclose information (section 3, Fraud Act 2006)
- Fraud by abuse of position (section 4, Fraud Act 2006)
- Obtaining services dishonestly (section 11, Fraud Act 2006)
- Participation in a fraudulent business (section 9, Fraud Act 2006)
- False statements by company directors (section 19, Theft Act 1968)
- False accounting (section 17, Theft Act 1968)
- Fraudulent trading (section 993, Companies Act 2006)
- Cheating the public revenue (common law)

Money laundering offences are expressly excluded, as organisations are already subject to separate anti-money laundering obligations and regulatory oversight by the Financial Conduct Authority.

DISHONESTY

The offences caught under ECCTA use a dishonesty test, which has also changed recently.

Previously, the test for dishonesty was an objective one that considered whether conduct would be considered dishonest by the standard of an ordinary person, with a second limb being whether the defendant knew that conduct was dishonest.

In contrast, the test now considers the defendant's actual state of knowledge of the relevant facts, and therefore if that conduct was dishonest by the standards of an ordinary person.

The core difference is that previously, if a defendant could argue that they did not see their conduct as dishonest, and had a distorted sense of "dishonesty", they were less likely to be convicted. The recent change provides a higher conviction rate.

ORGANISATIONS IN SCOPE

The offence applies to all "large" corporate bodies, partnerships (including LLPs), subsidiaries, charities, and public bodies across all sectors. An organisation is considered "large" if it meets at least two of the following criteria:

- More than 250 employees
- Turnover exceeding £36 million
- Total assets exceeding £18 million

Group Companies: Where a parent company and its subsidiaries, taken together, meet the size threshold, the group will fall within the scope of the offence. Liability may attach to the entity directly responsible for the failure, or to the parent company if the fraud was committed by a subsidiary employee for the parent's benefit and the parent failed to take reasonable steps to prevent it.

PENALTIES

Upon conviction, an organisation faces an unlimited fine. The court will determine the appropriate level of fine based on the circumstances of the case.

INDIVIDUAL LIABILITY

The ECCTA does not introduce individual criminal liability for directors or officers solely on the basis of a company's conviction for failure to prevent fraud. However, individuals remain liable for substantive fraud offences, or for encouraging or assisting fraud.

DEFENCE

An organisation will have a defence if it can demonstrate that, at the time the fraud was committed:

- It had in place reasonable procedures to prevent fraud, or
- It was not reasonable in all the circumstances to expect the organisation to have any prevention procedures in place.

The Government will issue guidance, based on six flexible and outcome-focused principles, to assist organisations in developing and implementing appropriate procedures.

PRACTICAL STEPS FOR COMPLIANCE

Organisations are encouraged to:

1. Assess Fraud Risks: Identify and evaluate specific fraud risks relevant to the business, including risks posed by associates.
2. Implement Reasonable Procedures: Develop and tailor procedures to address identified risks.
3. Communicate and Train: Ensure procedures are communicated throughout the organisation and provide relevant training.
4. Monitor and Review: Regularly review and update procedures to ensure ongoing effectiveness.

Lana Wilks is a Trainee Solicitor in our Commercial Litigation Department and assists David Birks in all areas of Dispute Resolution and Sports Litigation.

The Supreme Court delivered its highly anticipated judgment in the so-called "car finance claims" cases on 1 August.

Car finance ruling

Lana Wilks from our Commercial Litigation team takes a look at what it means for motor dealers and consumers.

The judgment followed hearings on 1, 2, and 3 April 2025. The appeals considered were:

- Hopcraft and another v Close Brothers Limited
- Johnson v FirstRand Bank Limited t/a MotoNovo Finance
- Wrench v FirstRand Bank Limited t/a MotoNovo Finance

BACKGROUND

The cases were previously heard in the Court of Appeal, which held that car dealers could not lawfully receive a commission from a finance company unless the customer had given fully informed consent. This decision generated significant controversy and speculation regarding potential new disclosure requirements. The matter was subsequently appealed to the Supreme Court.

The central issue before the Supreme Court was the legality of undisclosed or partially undisclosed commissions paid by lenders to motor dealers in car finance transactions, specifically whether a fiduciary duty was owed by the dealer to the consumer. The claims were advanced on the basis of:

- Alleged fiduciary duties
- Dishonest assistance
- Bribery
- Unfair relationships under section 140A of the Consumer Credit Act 1974

SUPREME COURT JUDGMENT – KEY FINDINGS

1. Fiduciary Duty

- The Supreme Court held that motor dealers arranging finance are not subject to a fiduciary duty to their customers. Dealers act in their own commercial interests and are not to be regarded as fiduciaries (trustees) in this context.
- As a result, claims in equity and for bribery against lenders based on an alleged fiduciary relationship could not succeed.

2. Unfair Relationship (Consumer Credit Act 1974, s140A)

- The Court found that, in the case of Mr Johnson v FirstRand Bank Limited, the relationship between the lender and the consumer was unfair under section 140A of the Consumer Credit Act 1974.
- The unfairness arose due to the size of the commission, the failure to disclose the commission, and the concealment of the commercial relationship between the dealer and the lender.
- The Court emphasised that non-disclosure of a high commission (in this case, 55 per cent of the total cost of credit) was a "powerful indication" of an unfair relationship.

IMPLICATIONS

For Consumers

- The finding that no fiduciary duty is owed means that large-scale compensation on this basis is unlikely.
- However, consumers may still have claims under the unfair relationship provisions of the Consumer Credit Act 1974, particularly where there has been non-disclosure of significant commissions.

For the Motor Finance Industry

- Dealers and lenders must ensure transparency regarding commissions, particularly where the commission is substantial relative to the cost of credit.
- The judgment is likely to result in clearer disclosure of commission arrangements in finance documentation.

FCA RESPONSE AND PROSPECTIVE REDRESS SCHEME

The Financial Conduct Authority (FCA) has indicated it will consult on an industry-wide redress scheme for motor finance customers who were treated unfairly.

The FCA has outlined principles for any redress scheme to be; comprehensiveness, fairness, certainty, simplicity and cost-effectiveness, timeliness, transparency, market integrity. Remedies are likely to include repayment of undisclosed commissions, with interest at a commercial rate (proposed as the average base rate plus one per cent, approximately three per cent per annum). The scheme is expected to cover agreements dating back to 2007, aligning with the Financial Ombudsman's jurisdiction.

KEY FACTORS INDICATING UNFAIRNESS

The Supreme Court and FCA have identified several factors that may indicate an unfair relationship under the Consumer Credit Act 1974:

- The size of the commission relative to the total charge for credit
- The nature of the commission (e.g., whether it is discretionary)
- The characteristics of the consumer
- Compliance with regulatory rules
- The extent and manner of disclosure

NEXT STEPS

- The FCA will consult on the details of the redress scheme, including the applicable interest rate and the scope of eligible agreements.
- Further guidance is expected regarding what level of commission, if undisclosed, may render a relationship unfair.
- The industry should prepare for enhanced disclosure requirements and potential retrospective claims.

CONCLUSION

The Supreme Court's decision provides important clarity on the legal duties of motor dealers and lenders in car finance transactions. While the absence of a fiduciary duty limits the scope for certain claims, the judgment underscores the importance of transparency and fair dealing, particularly in relation to commission disclosure. The forthcoming FCA redress scheme will be of significant interest to both consumers and industry participants.

Lana graduated from the University of York in 2024 with a degree in Law and is now studying a Masters in Law at The University of Law which she will complete in September 2025.

Joining McCormicks with a sporting background, specifically in Rugby, Lana sits on the Disciplinary Panel for England RFU and enjoys all Sport related matters that McCormicks is renowned for.

Outside of work at McCormicks, Lana is a published legal writer and explores a variety of practice areas through topics which are developing and prominent. She is due to qualify as a Solicitor in November 2026.

Out of hours

Suzie Godden is a Trainee Solicitor in our Crime and Fraud team. When she's not hard at work, you might find her underwater, in a cove or making the most of cold weather.

Other than the law, what would your dream career be?

If I weren't practicing law, my dream career would be to become a marine biologist. I've always been fascinated by the ocean and the sea life that inhabit it. The idea of exploring marine environments and studying aquatic life is deeply exciting. I've always loved snorkelling – whether swimming among coral reefs or observing schools of fish.

If you could win any sporting trophy or title, what would it be and why?

If I could win any sporting trophy or title, it would be an Olympic gold medal in the heptathlon. There's something incredibly special about being recognised as the greatest athlete in a competition. The heptathlon, with its seven events represents the ultimate test of an athlete's all-round ability.

Where is your favourite place in Yorkshire and why?

My favourite place in Yorkshire has to be Malham Cove. I love hiking up to the cove itself, exploring the nearby Malham Tarn, and taking in the views of the rolling hills and valleys. There's also nothing better than heading to one of the local pubs in Skipton for a well-earned roast dinner.

If you could choose your last meal in advance, what would it be?

If I had to choose a last meal, it would be a combination of some of my all-time favourites: a seafood risotto, a perfectly cooked steak, and a warm, freshly baked basket of bread.

What is the best piece of advice you have ever been given?

You don't have to have everything figured out to move forward.

If you suddenly came into a significant amount of money, what would your first five purchases be?

- Help my dad fulfil his bucket list. He's always had a long list of places he's dreamed of visiting and experiences he hopes to have, and I would love to give both my mum and dad the opportunity to tick off every single item.

Suzie graduating from her SQE exams.

- A house nestled in a charming village. I picture a place with a few chickens, and a vegetable patch out back.
- A chocolate brown Doberman.
- Another adventure abroad with my sister. Travelling together has brought us some of our best memories.
- Stock up the criminal department's biscuit supply for a year.

What do you do to wind down after a busy day in the office?

I love nothing more than curling up with a good book and a mug of hot chocolate.

What is your favourite season of the year and why?

Winter. I absolutely love the lead-up to Christmas – the festive lights, the decorations, and the general feeling of excitement.

Spooktacular quiz

Our Halloween quiz last year proved a huge hit with the participating teams so we are celebrating the night of ghouls and ghosts again and it is bound to be a sell out.

Teams of four or five can join the fun at the North Bar, Cheltenham Parade, Harrogate, on Thursday 23 October, with wine, beer and pizza on the menu along with some fiendishly tricky questions.

To register your interest, contact Francesca Lowe at f.lowe@mccormicks-solicitors.com.

Companies House has introduced compulsory identity checks for directors from November.

Who are you?

David Leuchars looks at what businesses need to do.

In a previous article, I discussed the introduction by Companies House of compulsory identity checks for directors and persons with significant control (PSCs) of UK companies. Companies House has now confirmed that these checks will become mandatory from 18 November 2025. This is part of a number of changes being introduced by Companies House to combat fraud and improve the accuracy and transparency of information available on their register and is the most significant change in recent years to the process for submitting information to Companies House.

This represents a significant change for companies, and it is essential that all business owners and directors familiarise themselves with the new requirements. This article outlines the forthcoming changes, the actions required by business owners and directors, and how McCormicks Solicitors can provide assistance and advice to meet these new requirements.

WHAT ARE THE CHANGES?

From 18 November 2025, an individual must not act as a director of a company unless and until their identity has been verified with Companies House, either directly or through an authorised corporate service provider. This is a significant change, as previously directors could begin work immediately as a director, following their appointment.

Now, the company must ensure an individual does not act as a director, unless their identity has been verified. If Companies House is not updated within 14 days of a Director's appointment, an offence is committed by the company, and every officer of that company.

HOW TO VERIFY YOUR IDENTITY

There are two principal methods for verifying your identity:

- **Online Verification via GOV.UK One Login:**

You may verify your identity online using the GOV.UK One Login service. Acceptable documents include a biometric passport (from any country), a UK photo driving licence, a UK biometric residence permit or residence card, or a UK Frontier Worker permit. You will also be required to provide your current address and the year you moved in.

- **Verification through an Authorised Corporate Service Provider (ACSP):**

Alternatively, you may verify your identity through an ACSP registered with Companies House. The ACSP will require personal details (such as your name, date of birth, and address) and two forms of identification (e.g., passport and driving licence). Once the ACSP is satisfied with the documentation, they will confirm your identity to Companies House.

Upon successful verification, each director will be issued with a unique personal code, which must be provided in the company's next confirmation statement or during the registration process for a new company.

In addition to directors, the identity verification requirement will apply to persons with significant control (PSCs), authorised agents, and individuals who file documents on behalf of a company, such as company secretaries.

WHEN TO VERIFY YOUR IDENTITY

- Existing Directors: From 18 November 2025, directors of existing companies must provide their personal code when filing the company's next confirmation statement.
- New Directors: Individuals appointed as directors after 18 November 2025 must verify their identity as part of the company registration process or upon appointment to an existing company.
- PSCs:
- A PSC, who is also a director, must verify their identity separately and provide their personal code to Companies House within 14 days of the company's confirmation statement date, using a dedicated service available from 18 November 2025.
- A PSC, who is not a director, must provide their personal code to Companies House within the first 14 days of their birth month. For example, if your date of birth is 22 January, the 14-day period commences on 1 January.

HOW McCORMICKS CAN HELP

McCormicks Solicitors will be registered as an ACSP, enabling us to verify your identity and provide the requisite confirmation to Companies House. We offer both remote and in-person verification services.

It is essential that company directors and all relevant individuals ensure their identities are verified in accordance with the new requirements. Failure to comply may result in financial penalties and delays in the filing of confirmation statements or other statutory filings.

For new company incorporations or restructurings of existing companies, it is important to note that identity verification for all proposed directors and PSCs will form part of the standard process. Timely completion of the verification process will help to avoid unnecessary delays to transactions or business operations.

Call us on 01423 530630 or email d.leuchars@mccormicks-solicitors.com.

David Leuchars is a Solicitor in our Corporate and Commercial Department.

He assists the head of department, James Towler, in acting for individuals and companies on corporate transactions for the sale or purchase of businesses or shares; reviewing and advising on company and business structure including drafting partnership and shareholders' agreements and articles of association; assisting with incorporations, re-structuring and general company administration; negotiating and reviewing a wide range of commercial contracts, including agency and sub-contractor agreements; and updating terms and conditions and privacy policies.

OUR EXPERTISE

McCormicks offers the full portfolio of legal services to all forms of organisation including businesses, charities and sporting bodies, together with private individuals. The firm offers expertise in all areas of corporate and commercial work whilst maintaining a commitment to the personal client in areas such as rural property, tax, Trusts, probate, family matters and crime.

Charities & Community
- Charities
- Not For Profit

Corporate & Commercial
- Acquisitions and Disposals
- Banking and Finance
- Commercial Agreements
- Competition and EU Law
- Corporate Crime, Fraud and Risk
- IT and Data Protection
- Insolvency and Bankruptcy
- Intellectual Property
- Partnership and Company Law
- Regulatory and Disciplinary

Crime
- General Crime
- Corporate Crime, Fraud and Risk

Dispute Resolution and Litigation
- Commercial Disputes
- Mediation and Arbitration
- Partner/Shareholder Disputes
- Property and Construction
- Reputation Management

Employment

Insolvency & Bankruptcy

Mediation & Arbitration

Property
- Agriculture and Estates
- Commercial Property
- Development and Regeneration
- Residental Property

Sport, Media & Entertainment
- Employment
- IT and Data Protection
- Insolvency and Bankruptcy
- Intellectual Property
- Media and Entertainment
- Mediation and Arbitration
- Regulatory and Disciplinary
- Reputation Management
- Sponsorship
- Sport

Tax, Trusts, Wills & Estates
- Agriculture & Estates
- Care of the Elderly
- Tax and Trusts Disputes
- Trust and Tax Planning
- Wills and Probate

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