

# **Company Directors Disqualification Act 1986 and Disqualified Directors**

**Effect of disqualification orders  
and disqualification undertakings**



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A court has made a disqualification order against you or you have given a disqualification undertaking to the Secretary of State, which has been accepted. These are very serious matters. You could go to prison if you contravene the order or undertaking.

The order or undertaking will be registered at Companies House, which monitors new directorships and provides details of disqualified directors on request.

This leaflet gives you some idea of what the order or undertaking means. It does not give a complete list of everything you must and must not do, nor does it give you legal advice.

To understand exactly how the order or undertaking affects you, you should always ask your solicitor or an insolvency practitioner.

### ► **What am I not allowed to do?**

While the order or undertaking is in force, it stops you acting as if you were a director. So you cannot avoid the order or undertaking by simply changing your job description.

The order or undertaking also means that you must not get other people to

manage a company under your instructions.

The order or undertaking does not stop you from having a job with a company, but unless you have court permission it does stop you:

- being a director of a company;
- acting as receiver of a company's property;
- being concerned in or taking part in the promotion, formation or management of a company

and you must not act as an insolvency practitioner.

The order or undertaking does not stop you carrying on business as a sole trader or in partnership with others but, unless you have court permission, you must not be a member of or be concerned or take part in the promotion, formation or management of a limited liability partnership.

### ► **What does 'company' mean?**

You must not do any of the prohibited acts listed under the previous heading in relation to a company formed in England and Wales, or in Scotland.

You must not do any of the prohibited

acts in relation to a foreign company if:

- it is registered here; or
- it has a sufficient connection here (for example, if it carries on business or has assets here) even if it is not registered here.

You must not do any of the prohibited acts in relation to a building society or an incorporated friendly society.

You must not hold various other offices, such as the trustee of a charity: always take professional advice first.

### ► **What happens if I contravene the order or undertaking?**

You are then committing a criminal offence and you could go to prison for up to 2 years and face a fine.

The Insolvency Service operates a 24-hour telephone hotline to enable the public to report breaches of these orders and undertakings.

If you contravene the order or undertaking, you could also become personally liable for any debts of the company which it incurs while you contravene the order or undertaking.

Anybody who actions your instructions

may also be personally liable.

If the order has been made against, or the undertaking given by, a corporate director, and that corporation contravenes the order or undertaking, then its officers or managers can be punished as if the order or undertaking applied to them personally.

► **Can I ask for permission to act in a way prohibited by the order or the undertaking?**

You can ask the court for permission to become a director of a company or do anything else that the order or undertaking prevents. However, the court cannot give you permission to act as an insolvency practitioner.

You need to satisfy the court that you have a reasonable need to do what you are asking - not just that you want to do it.

You also have to satisfy the court that, if it gives you the permission you want, the public will be adequately protected. The court may require safeguards and may impose conditions on you.

If you want to ask for permission, you will need to make a formal application to the court.

► **Where can I get more information?**

Take advice from your solicitor or an insolvency practitioner.

You can obtain further copies of this booklet from the following website:  
<http://www.dti.gov.uk/publications>

You may also order copies of our publications by telephone by calling the Publications Orderline on 0845 015 0010 (calls to this number are charged at national rate). You may also fax orders to the Orderline on 0845 015 0020. Minicom users should telephone 0845 015 0030.

Publications are also available on our website [www.insolvency.gov.uk](http://www.insolvency.gov.uk)

The Insolvency Service cannot give you legal advice. This guide is simply designed to provide a general introduction to the effects of a disqualification order and a disqualification undertaking. It is not a full and authoritative statement of the law. It is not intended to provide a substitute for taking proper, professional advice. The Insolvency Service cannot accept responsibility for any inaccuracies in this leaflet.

The Register of Disqualified Directors is available free of charge on the Companies House website at:  
[www.companieshouse.gov.uk/ddir/](http://www.companieshouse.gov.uk/ddir/)

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