VERIFY CARRATU INTERNATIONAL LTD

INTELLIGENCE / INTEGRITY / IMPACT

COUNTERPARTY RISK / RESEARCH ANALYSIS

A Company Number Is Not a Due-Diligence Conclusion

Britain's corporate register is becoming harder to abuse. That makes it more useful - but it does not make registration equivalent to commercial reality.

RESEARCH & ANALYSIS / JULY 2026

BY VCI / 17 JULY 2026 / 12 MINUTE READ

A Company Number Is Not a Due-Diligence Conclusion

Nearly 4m individuals had verified their identities and linked appointments by June 2026 [1]	**151,000** company addresses removed from the register since March 2024 [1]	**1 in 4** UK businesses with more than one employee experienced fraud in the Economic Crime Survey 2024 [2]	**11,500** companies removed following the Operation Hammerhead intelligence exercise [3]

A clean company search can answer a useful question: does a legal entity with these details appear on the register? It cannot, by itself, answer the question most decision-makers actually care about: is this the organisation, operating history and commercial proposition that have been presented to me?

That distinction matters more, not less, as Companies House reforms take effect. Better identity assurance should reduce obvious abuse. It should not encourage directors, lenders, investors or advisers to treat a verified identity as a warranty of trading substance, solvency, authority, ownership, capability or good faith.

A stronger register changes the starting point

Companies House reported in June 2026 that nearly four million people had completed identity verification and linked their appointments. It also reported that 151,000 company addresses had been removed since March 2024, protecting people whose details had been used without authority. These are material changes to a register historically designed to receive information rather than test it. [1]

The reforms improve confidence in identity and data integrity. They do not convert a filing system into a commercial assurance service. A director can be the person they claim to be while a company remains newly formed, thinly capitalised, dependent on one customer, controlled in practice by somebody else, or unable to deliver the project described in a proposal.

This is the first principle of counterparty work: reliable identity data is evidence about identity. It is not evidence about every claim attached to that identity.

The seven layers between registration and reality

A proportionate review should move through the layers that can change the decision. Not every matter requires every enquiry, but stopping at the first layer leaves predictable blind spots.

1	Legal identity Exact entity, status, incorporation date, previous names, registered address and filing position.
2	Authority Whether the person negotiating, instructing or changing payment details appears entitled to act.

3	Control Registered ownership, beneficial-interest indicators, influential lenders, nominees and connected parties.
4	Continuity Predecessor and successor businesses, transferred websites, reused trading names and repeated insolvency.
5	Substance People, premises, customers, licences, contracts, operational capability and evidence of genuine activity.
6	Conduct Material disputes, regulatory history, adverse findings and patterns that require explanation.
7	Recoverability Where value sits, who controls it, competing claims, security, jurisdiction and practical enforcement.

Why isolated warning signs mislead

A virtual office is not proof of deception. A recently incorporated company is not automatically unsuitable. A director who has experienced a failed business is not necessarily reckless. The analytical value lies in combination and contradiction.

A young company claiming a modest start-up history may be entirely coherent. The same incorporation date becomes more important if the company claims decades of trading, lists projects completed before it existed, uses staff biographies copied from elsewhere and asks for payment to an unrelated beneficiary. Each item changes the meaning of the others.

The UK Government's Fraud Strategy says one in four businesses with more than one employee experienced fraud in the Economic Crime Survey 2024. It estimates roughly 389,000 affected businesses and 6.04 million instances. [2] High prevalence justifies disciplined verification; it does not justify presuming wrongdoing in a particular case.

CURRENT CASE STUDY

When reputable counterparties are not enough

The 2026 collapse of UK property lender Market Financial Solutions illustrates why reputation by association is a weak substitute for understanding the underlying structure. Financial Times reporting described court claims by administrators involving a substantial shortfall, connected borrowers, nominee arrangements and alleged diversion of funds. The owner has denied wrongdoing and the allegations remain contested. [4]

The useful lesson is not to reach a conclusion about an unresolved case. It is to examine the questions raised by the structure: Were borrowers genuinely independent? Could collateral be reconciled to advances? Who controlled connected entities? Did the flow of funds match the stated operating model? Which assertions came from management, and which were independently tested?

The presence of established lenders, advisers or professional firms may provide context. It does not reveal what each party knew, what scope each adviser was given or whether another participant's work can safely be relied upon.

From findings to commercial protections

Finding	Question it creates	Possible commercial response
The contracting company is newly formed but the brand is longstanding	Where did the people, assets, contracts and liabilities sit before incorporation?	Clarify continuity; contract with the correct entity; obtain representations or support.
A key individual controls several connected businesses	Which entity performs the work and which entity receives the economic benefit?	Define obligations, payment routes, conflicts and guarantees.
Major project claims cannot be independently corroborated	Are references, counterparties or underlying documents available?	Make verification a condition; reduce exposure; stage payments.
Payment details differ from the contracting party	Is there a documented and legitimate reason for the third-party beneficiary?	Use independent callback; pause payment; obtain legal or banking advice.
Assets are cited but ownership or security is unclear	Are the assets owned, leased, charged, disputed or held elsewhere?	Verify title and priority before relying on recoverability.

The register should generate questions, not confidence theatre

Operation Hammerhead shows the scale at which corporate data can become meaningful when analysed as a network. The Insolvency Service reported that intelligence work identified around 41,000 entities with suspected links to organised crime; 11,500 companies were removed, and about 10,000 had been registered at one flat. Investigations into a number of entities continued. [3] A single search would have shown separate companies. Pattern analysis showed an ecosystem.

This does not mean every shared address is suspicious. Registered offices, formation agents and accountants legitimately serve large numbers of companies. It means concentration, timing, control and commercial narrative should be assessed together before a link is given weight.

Good counterparty work ends with a decision record: what is established, what is reasonably inferred, what remains unknown, which explanations are plausible and what should change in the transaction. The objective is neither a clean bill of health nor a catalogue of everything discoverable. It is a better-informed commitment.

What to carry into the next decision

✓	**Treat incorporation and verified identity as foundations, not conclusions.**
✓	**Test the claims that would materially change price, exposure, governance or willingness to proceed.**
✓	**Map connected people and entities before interpreting individual filings.**
✓	**Convert unresolved questions into protections, conditions or a decision not to proceed.**

Sources and reading

Sources were accessed and checked for this edition on 17 July 2026. Reported allegations and ongoing proceedings are identified as such in the text.

1. Companies House. Progress made in cleaning up the Companies House register. 11 June 2026. gov.uk

2. HM Government. Fraud Strategy 2026 to 2029. 30 April 2026. gov.uk

3. The Insolvency Service. Annual Report and Accounts 2025-2026. 14 July 2026. gov.uk

4. Financial Times. MFS owner accused of 'plundering' company to fund 'lavish lifestyle'. 11 May 2026. ft.com

5. Financial Conduct Authority. FCA Firm Checker. accessed 17 July 2026. fca.org.uk

Scope note

This publication provides general information and analysis. It is not legal, insolvency, financial, regulatory, cybersecurity or other professional advice. Public records and reported material can be incomplete, delayed or disputed; an indicator is not proof of misconduct.

About VCI

VCI provides investigation, intelligence and due diligence support to organisations, professional advisers and private clients. Work is scoped around the decision, the evidence available and the need for proportionate, clearly qualified reporting.