VERIFY CARRATU INTERNATIONAL LTD

INTELLIGENCE / INTEGRITY / IMPACT

INVESTIGATIVE DUE DILIGENCE / DECISION FRAMEWORK

What Routine Screening Cannot Tell You

Screening asks whether a name appears in a defined dataset. Investigative due diligence asks whether the available evidence supports the decision being contemplated.

RESEARCH & ANALYSIS / JULY 2026

BY VCI / 17 JULY 2026 / 13 MINUTE READ

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What Routine Screening Cannot Tell You

84% of perpetrators in ACFE's 2026 study displayed at least one behavioural red flag before detection [3]	**Nearly 4m** people had completed Companies House identity verification and linked appointments by June 2026 [1]	**151,000** company addresses removed from the register since March 2024 [1]	**24 hrs** average update lag the FCA says may apply to parts of Firm Checker [2]

The phrase 'due diligence completed' is often more confident than the work beneath it. A sanctions screen may have been clear, a company may be active and a director may have verified their identity. Those results can all be accurate while the central commercial claim remains untested.

The answer is not to search everything. It is to define the decision, identify the claims on which it depends and choose the least intrusive reliable work capable of testing them.

Three different questions are often called due diligence

Standard screening checks defined names against defined sources: sanctions, politically exposed persons, watchlists, corporate records, identity data or adverse media. It is repeatable and often mandatory. It works best where the question and source universe are stable.

Enhanced due diligence broadens or deepens the review because risk is higher: complex ownership, jurisdictional exposure, unusual transactions, regulatory concerns, source-of-wealth questions or material adverse information. It remains structured, but the scope responds to risk.

Investigative due diligence begins when a decision depends on a claim, relationship or inconsistency that routine sources cannot resolve. It uses investigation-style chronology, relationship mapping, claim testing and source evaluation. Its defining feature is not secrecy or intrusiveness; it is a question-led analytical method.

Choose the method by the unresolved question

Method	Best suited to	Typical limitation
Standard screening	Known names, repeatable controls and defined regulatory checks	A clear result can be mistaken for assurance about matters the database does not cover
Enhanced due diligence	Higher-risk relationships, ownership, jurisdictions and source-of-funds concerns	More sources do not help if the material commercial claim is poorly defined
Investigative due diligence	Conflicting narratives, hidden relationships, track-record claims and sensitive decisions	Requires judgement, careful scoping and explicit evidential limits

Method	Best suited to	Typical limitation
Specialist legal, forensic or technical work	Questions requiring powers, privileged advice, system access, audit testing or expert evidence	Cannot be replaced by open-source or database research

Better registers reduce one risk, not every risk

Companies House reported nearly four million verified identities and 151,000 addresses removed from the register by June 2026. [1] These reforms make identity and filing data more useful. They do not establish that a company is trading as claimed, that a director has the experience stated in a pitch, or that a connected party is independent.

The FCA makes a similar distinction explicit. Firm Checker can confirm authorisation and permissions, but it cannot guarantee that compensation or ombudsman protection applies, and it does not display every item held by the regulator. It also warns users to verify contact details because clone firms copy genuine registrations. [2]

A reliable source should therefore be used for the proposition it supports. Registration supports existence. Permission supports regulatory status for specified activities. Neither independently authenticates the person communicating with you or the truth of a commercial forecast.

Five decision gates

●	Identity Are the person, entity and communication route genuine and correctly resolved?
●	Authority Can the individual bind, instruct or speak for the organisation in this matter?
●	Claim Which representation would materially change the decision, and what independent evidence can test it?
●	Context What chronology, connected parties, disputes, incentives or jurisdictional factors alter its meaning?
●	Downside If the representation is wrong, what exposure, protection, remedy and recoverability remain?

WORKED DECISION

The experienced joint-venture partner

A proposed partner presents an established brand, an active company, senior biographies and a list of international projects. Standard screening is clear. The commercial decision, however, depends on the team's claimed delivery history and access to local counterparties.

Investigative due diligence would not repeat the screening at greater volume. It would test selected project claims, reconcile dates and employing entities, examine predecessor businesses, map the local relationships and identify who actually delivered, contracted and was paid. It would also look for plausible reasons why public corroboration may be limited.

The output might support the claims, identify an overstated but remediable presentation, expose a material mismatch or leave a defined uncertainty. Each result can be translated into governance rights, references, conditions, staged funding, warranties or a decision not to proceed.

Red flags need mechanisms, not adjectives

ACFE reported that 84 per cent of perpetrators in its 2026 occupational-fraud study displayed at least one behavioural red flag before detection. It also found that tips were the most common detection route and that control weakness or override appeared in more than half of cases. [3] These findings are useful for organisational risk; they do not create a personality test for dishonesty.

A useful warning indicator should be tied to a mechanism. Pressure to bypass a callback increases payment-diversion risk because it defeats independent authentication. Opaque connected parties increase conflict risk because economic benefit may not align with the disclosed transaction. Unverifiable project claims increase capability risk because the decision relies on experience that has not been established.

Language such as 'concerning', 'suspicious' or 'high risk' is not analysis unless the report explains why the fact matters, what alternative explanations exist and what decision it should affect.

A defensible scope

01	State the decision Describe the commitment, exposure and deadline in plain language.
02	List material claims Select the representations whose truth would change price, structure or willingness to proceed.
03	Set source rules Identify reliable primary sources, necessary secondary context and information that requires specialist access.
04	Agree thresholds Define what finding triggers escalation, clarification, protection or stopping.

05	Record uncertainty Separate absent information from contradictory information and both from evidence of misconduct.
06	Translate the result Convert findings into questions, controls, contract terms, monitoring or a decision.

The purpose is calibrated confidence

No due-diligence process proves that a future relationship will succeed or that a person will behave well. Public records can be incomplete, databases can contain false positives and credible businesses can have limited online footprints. The report should make those limitations visible.

Investigative due diligence is justified where the unanswered question is material enough to change the decision and capable of being developed lawfully and proportionately. It should not become a pretext for collecting private information simply because it is available.

The best result is calibrated confidence: a clear explanation of what has been tested, what the evidence supports, what remains unknown and what the client can do with that uncertainty.

What to carry into the next decision

✓	**Use screening, enhanced review and investigative research for different questions.**
✓	**Test the representations on which the decision actually depends.**
✓	**Tie every warning indicator to a risk mechanism and a practical response.**
✓	**State limitations and unknowns prominently enough that they cannot be mistaken for clearance.**

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

3. Association of Certified Fraud Examiners. Key findings from Occupational Fraud 2026: A Report to the Nations. May 2026. acfe.com

4. HM Government. Fraud Strategy 2026 to 2029. 30 April 2026. gov.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.

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