

## **Advice from the City of London Trading Standards Service to the company formation, mail forwarding and professional services sector (March 2021)**

### **Provision of a registered office address service**

The City of London Trading Standards Service has identified a problem with the way that some registered office address facilities are provided. The establishment of a registered office address is a legal requirement in the United Kingdom for any limited liability company. This legal requirement is found in Section 86 of the Companies Act 2006 which states: “A company must at all times have a registered office to which all communications and notices may be addressed.”

It is acceptable for the home address of a company Director, or an office location, to be used as the registered office address for that company. Understandably, many companies choose to use a different address in order to protect the privacy of its Directors or employees. In doing so, many limited liability companies use the services of Trust and Company Service Providers that allows them to use a registered office address that will handle mail on their behalf. Trust and Company Service providers include company formation agents, mail forwarding businesses (also known as virtual offices), accountants and solicitors. Using these services is legal and there are statutory requirements under anti money laundering legislation that govern their use.

The City of London Trading Standards Service has become aware that some Trust and Company Service providers, particularly company formation agents and mail forwarding businesses that offer a registered office address service, will only forward what they call “official Government mail” to their clients. “Official Government mail” is often defined by these businesses as being letters from Companies House or letters from HMRC. It is therefore apparent that all other mail, including letters from consumers who may be trying to resolve problems with a client business, is never going to reach the attention of the business they have been sent to. These letters and other items of non-official Government mail are either returned to sender or simply destroyed in accordance with the arrangements that are in place.

The City of London Trading Standards Service is of the opinion that **all** mail sent to the registered office address of a limited liability company should be brought to that company’s attention. The advice on the Government website is also clear and states that Section 86 of the Companies Act 2006 applies to **all** communications. A company to which mail is addressed can choose to ignore it, but we have a situation where mail may never be received by them in the first place. The City of London Trading Standards Service sought professional legal advice in relation to this subject. The advice can be summarised as follows:

- Any limited liability company that uses a registered office address through the services provided by a Trust and Company Service Provider and which knowingly agrees that it will only ever be sent “official Government mail” will commit a criminal offence. This will be an offence under Regulation 8(1) of The Consumer Protection From Unfair Trading Regulations 2008 which relates to contravening the requirements of professional diligence.
- Any Trust and Company Service Provider that allows a client to act in the way described in the bullet point above may also commit a criminal offence by aiding and abetting this

activity.

The City of London Trading Standards Service is seeking to raise awareness of what it sees as a problem with the delivery of all mail to the registered office address of limited liability companies. While it is accepted that this business practise may not have been previously recognised as a problem, by working with Trust and Company Service Providers we hope that it can be reviewed and amended where necessary. Part of this review will involve those providing a registered office address service speaking to clients to advise them about this issue, amending terms and conditions of contracts and changing marketing materials where necessary. It will inevitably take time for any changes to filter through.

The content of this advice document may be unexpected, but the City of London Trading Standards is not able to engage on a one to one basis. It is, of course, possible for any business that may be affected to seek independent legal advice and to act on it accordingly.

**The advice in this document is given in good faith and it is acknowledged that only the Courts can interpret legislation with any authority.**

City of London Trading Standards – March 2021

Email: [trading.standards@cityoflondon.gov.uk](mailto:trading.standards@cityoflondon.gov.uk)