



# Insolvency Act 1986

## 1986 CHAPTER 45

### PART IV

#### WINDING UP OF COMPANIES REGISTERED UNDER THE COMPANIES ACTS

### CHAPTER X

#### MALPRACTICE BEFORE AND DURING LIQUIDATION; PENALISATION OF COMPANIES AND COMPANY OFFICERS; INVESTIGATIONS AND PROSECUTIONS

#### *Offences of fraud, deception, etc.*

#### **206 Fraud, etc. in anticipation of winding up.**

- (1) When a company is ordered to be wound up by the court, or passes a resolution for voluntary winding up, any person, being a past or present officer of the company, is deemed to have committed an offence if, within the 12 months immediately preceding the commencement of the winding up, he has—
- (a) concealed any part of the company's property to the value of [<sup>F1</sup>£500] or more, or concealed any debt due to or from the company, or
  - (b) fraudulently removed any part of the company's property to the value of [<sup>F1</sup>£500] or more, or
  - (c) concealed, destroyed, mutilated or falsified any book or paper affecting or relating to the company's property or affairs, or
  - (d) made any false entry in any book or paper affecting or relating to the company's property or affairs, or
  - (e) fraudulently parted with, altered or made any omission in any document affecting or relating to the company's property or affairs, or
  - (f) pawned, pledged or disposed of any property of the company which has been obtained on credit and has not been paid for (unless the pawning, pledging or disposal was in the ordinary way of the company's business).

*Status: Point in time view as at 08/07/2021. This version of this provision has been superseded.*

*Changes to legislation: Insolvency Act 1986, Section 206 is up to date with all changes known to be in force on or before 28 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (2) Such a person is deemed to have committed an offence if within the period above mentioned he has been privy to the doing by others of any of the things mentioned in paragraphs (c), (d) and (e) of subsection (1); and he commits an offence if, at any time after the commencement of the winding up, he does any of the things mentioned in paragraphs (a) to (f) of that subsection, or is privy to the doing by others of any of the things mentioned in paragraphs (c) to (e) of it.
- (3) For purposes of this section, “officer” includes a shadow director.
- (4) It is a defence—
- (a) for a person charged under paragraph (a) or (f) of subsection (1) (or under subsection (2) in respect of the things mentioned in either of those two paragraphs) to prove that he had no intent to defraud, and
  - (b) for a person charged under paragraph (c) or (d) of subsection (1) (or under subsection (2) in respect of the things mentioned in either of those two paragraphs) to prove that he had no intent to conceal the state of affairs of the company or to defeat the law.
- (5) Where a person pawns, pledges or disposes of any property in circumstances which amount to an offence under subsection (1)(f), every person who takes in pawn or pledge, or otherwise receives, the property knowing it to be pawned, pledged or disposed of in such circumstances, is guilty of an offence.
- (6) A person guilty of an offence under this section is liable to imprisonment or a fine, or both.
- (7) The money sums specified in paragraphs (a) and (b) of subsection (1) are subject to increase or reduction by order under section 416 in Part XV.

#### Textual Amendments

**F1** “£500” substituted by virtue of [S.I. 1986/1996, art. 2\(1\)](#), [Sch. Pt. I](#)

#### Modifications etc. (not altering text)

- C1** Pt. 4 applied (with modifications) (S.) by [S.S.I. 2001/128, reg. 4, Schs. 2, 3](#) (as modified) (temp.) (retrospective to 27.4.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\), Sch. 10 paras. 8\(1\)\(2\), 14](#) (with ss. 2(2), 5(2))
- C2** Pts. 1-4 applied (with modifications) (8.7.2021) by [The Payment and Electronic Money Institution Insolvency Regulations 2021 \(S.I. 2021/716\), reg. 2, Sch. 1 para. 3](#) (with reg. 5) (as amended (4.1.2024) by [S.I. 2023/1399, regs. 1\(2\), 4](#))
- C3** S. 206 applied (with modifications) (S.) (6.4.2001) by [S.S.I. 2001/128, reg. 4\(1\), Sch. 2](#)
- C4** S. 206 applied (with modifications) (17.2.2009 for certain purposes, otherwise 21.2.2009) by [Banking Act 2009 \(c. 1\), ss. 103, 263\(1\)\(2\)](#) (with s. 247); [S.I. 2009/296, arts. 2, 3, Sch. para. 2](#)
- C5** S. 206 applied (with modifications) (6.6.2013) by [The Collective Investment in Transferable Securities \(Contractual Scheme\) Regulations 2013 \(S.I. 2013/1388\), Pt. 3reg. 1, Sch. 2 paras. 3, 5 Table](#) (with reg. 24)
- C6** S. 206 applied (with modifications) (8.7.2021) by [The Payment and Electronic Money Institution Insolvency Regulations 2021 \(S.I. 2021/716\), regs. 2, 37](#) (with reg. 5)
- C7** S. 206(1) modified (temp.) (retrospective to 27.4.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\), Sch. 10 paras. 8\(1\)\(2\), 11](#) (with ss. 2(2), 5(2))

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