What are Inaccurate Liabilities?

Companies often borrow money from lenders secured against the value of their assets, such as property and equipment.

Inaccurate Liabilities fraud happens when companies overstate the value of their assets to borrow more, while often understating the value of their existing liabilities with other lenders. In some cases, the assets declared don't exist at all.

In the asset finance sector, lenders often look at the value of the asset they're lending against.

We found:

Our Inaccurate Liabilities flag analyses discrepancies between a company's liability position filed at Companies House, and the liability position captured by CAIS (Credit Agreement Information Sharing), helping you spot any potential concerns much sooner.

176,000
UK companies

exceeded the **10%** discrepancy threshold **– 3.5% of UK registered businesses**

39
questionable companies

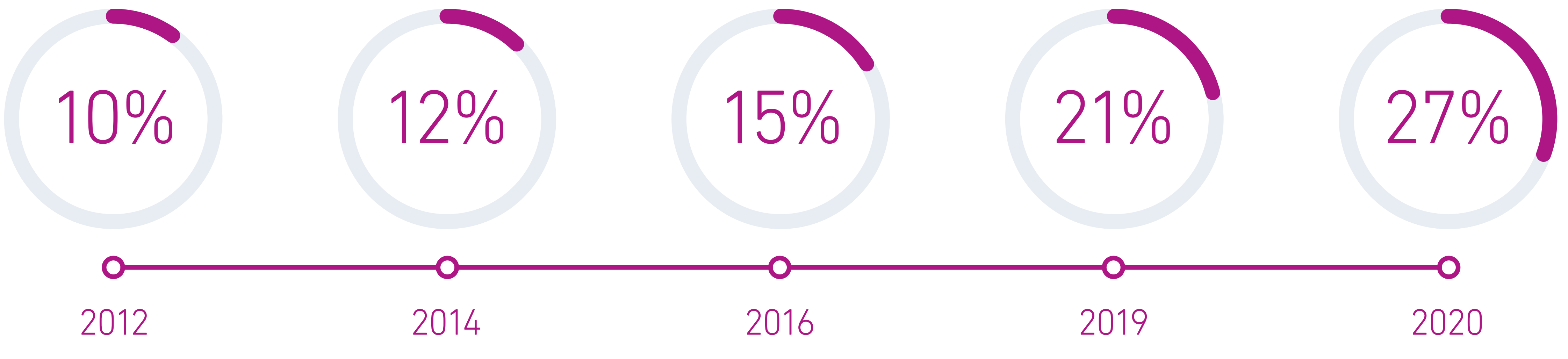
when we looked at companies with a turnover of **£25m+ only 39 questionable companies exist**

Could asset finance fraud be on the rise?

Official estimates predict that up to **£5bn could be lost to asset finance fraud** – with fraudsters applying to multiple lenders, setting up companies to claim after the pandemic had started, and applying on behalf of companies that had already been dissolved.

In one high profile case of asset finance fraud, a company went into liquidation with **equipment financing debts of around £300m**. Much of the money owed to lenders was lent against non-existent equipment. In this instance, our Inaccurate Liabilities flag would have picked up discrepancies all the way back to 2012.

With our fraud flag set to identify discrepancies greater than 10%, we found increasing discrepancies of:



In total, the company borrowed almost 10 times its annual turnover of £30m, from 55 different asset-based lenders.

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