Creditors entitled to receive £500k following compensation order

This was after he abused customers' trust and removed funds, of which a large part was due to be paid to customers after selling their wine stocks or not fulfilling their orders.

The case focuses on the conduct of Kevin William Eagling, a company director who received the maximum 15-year directorship disqualification from the courts in May 2019 as a result of his actions.

Having passed down the maximum directorship disqualification, in November 2019 Judge Prentis then ordered the 57-year-old, who now resides in Northern Cyprus, to payback £559,484 to the creditors of the company he was director of – Noble Vintners Limited

Creditors entitled to receive money back include customers and this was as a result of the Insolvency Service's investigation and disqualification action, including submitting the first Compensation Order application against a disqualified director.

The Insolvency Service tackles financial misconduct and in 2018/19, secured more than 1,200 directorship disqualifications. To further strengthen the enforcement regime, an additional power was granted in 2015 allowing the Insolvency Service to seek compensation from a disqualified director of an insolvent company.

To consider using the power, the misconduct had to have taken place after the introduction of the legislation and after the company entered into insolvency proceedings.

Until the introduction of this legislation, the insolvency office holder has the option to take action for recovery against directors for their actions and debts due to the company. But where the liquidator does not do so, and there is a clearly identifiable amount lost to creditors through the actions of a director who is then disqualified as a result of those actions, this additional power helps the Insolvency Service seek redress for those who have lost out.

Having been incorporated in June 2011, Noble Vintners traded as a wine broker. The company's clients were seeking to acquire stocks of valuable wines for investment purposes.

In May 2015 Kevin Eagling, who had been a manager at the company previously, became sole shareholder of Noble Vintners and was appointed as a director. Just over two years later, however, Noble Vintners entered creditors' voluntary liquidation in June 2017 with an estimated deficiency of more than £1.6 million.

A liquidator was appointed to wind-up the company's affairs before reporting to the Insolvency Service. Investigators then uncovered transactions which showed that for just under a year between November 2015 and October 2016, Kevin William Eagling authorised company funds worth £559,484 to be transferred to a second company of which he was also a sole director and shareholder.

Kevin Eagling, never explained the legitimacy of the transaction and the Insolvency Service is now trying to force Kevin Eagling to make payment.

David Brooks, Chief Investigator for the Insolvency Service, said:

“Kevin Eagling, abused his clients and creditors, denying them of hundreds of thousands of pounds. In passing down the compensation order, the judge noted that clients were hit particularly hard as they thought they would benefit from their investments, which ultimately came to nothing.

“This case illustrates that compensation orders can be a valuable tool for the Secretary of State in seeking recompense for creditors to supplement the recovery actions available to office-holders who have been unable to take recovery action within the insolvency regime.”

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