

## Smooth Financial directors pursued for debts



The directors of collapsed debt management firm Smooth Financial are being pursued by solicitors for money owed to the company's preferential creditors.

Mark and Josephine Broadstock have been issued with statutory demands to repay debts owed from overdrawn directors' loan accounts identified by the administrators of Smooth Financial, which collapsed in July last year.

Company accounts reveal overdrawn directors' loan accounts of £158,150, while joint administrator Alan Coleman of Royce Peeling Green (RPC) said the estimated amount of preferential claims is £22,970.

The directors have disputed any sums are due.

Any recoveries made will be used by administrators to pay the preferential creditors of the business; mostly former staff owed unpaid wages and holiday pay.

The Statutory Demands were issued by Stephenson Solicitors on behalf of RPC and are subject to a hearing on 21 March 2014.

The administrators also revealed that Smooth Financial's debt management portfolio was **sold to Money Expert** for £335,000, well below the initial bid of £1.2m from a separate buyer.

However, this sale facilitated a full repayment of all charges to Barclays Bank, which held a fixed and floating charge over the business.

Meanwhile, the company's database was copied by an unknown party following the firm's collapse and made available illegally to other debt management firms.

These firms then approached Smooth Financial's clients through internet search engines, in some cases offering them "free" service if they transferred their debt management plans.

RPC said this resulted in Money Expert attributing no value to the database and subsequently it has not been sold.

In a previous update, RPC said their investigations into the company had **revealed an £848,690 deficit** in the client accounts of Smooth Financial which led the administrators to **refer the directors to the police**.

However, it has **recently been confirmed** that no criminal investigations are taking place.

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