The High Street Laundromat

How shell companies are washing money through Britain's everyday businesses

A cross-sector analysis of suspected money laundering infrastructure in hairdressers, barber shops, beauty businesses and convenience stores (2016-2026)

SmartCredit

Mayfield House,

Lower Railway Road,

Ilkley LS29 8FL

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Important note on this report

This report identifies statistical patterns in publicly available data that may be consistent with known money laundering typologies. It does not assert or imply wrongdoing by any specific company, individual, or address.

Executive Summary

When most people think of money laundering, it tends to be associated with offshore tax havens, complex financial structures or criminal networks operating across borders. The Companies House register, however, points to a less exotic version of the same problem, happening on the same high streets most of us walk down every day.

Looking at the public record going back to 2016, an analysis of Companies House records has identified 3,097 dissolved UK businesses across two of the high-risk cash-intensive sectors named in the UK's 2025 National Risk Assessment of Money Laundering and Terrorist Financing. The first of those is hairdressing, barber shops and beauty salons. The second is convenience stores and corner shops. Although the two sectors are very different operationally, the patterns across both are broadly the same, and broadly inconsistent with how legitimate small businesses behave.

What jumps out of the data is the consistency. The same indicators turn up in company after company, across very different business types, in clusters that appear significantly tighter than would typically be expected by coincidence. Short lifespans. Generic names. Shared addresses. The same postcode areas appear repeatedly. Taken alone, any of these could be explained away. Taken together, across thousands of companies and a decade of records, the pattern becomes more difficult to explain through typical commercial behaviour alone.

There are six main findings:

- **Short business lifespans.** Suspect companies in hairdressing and beauty last 170 days on average. In convenience retail, the figure is 194 days. This differs from the patterns typically associated with longer-lived small businesses.
- **A wide gap between active and dissolved businesses.** Active firms in both sectors trade for 3 to 4 years on average. The dissolved firms in the dataset close inside seven months.
- **Geographic clustering.** Suspect companies concentrate in a small number of postcode areas, well above what a normal distribution across the underlying business population would produce.
- **Shared registered addresses.** Multiple suspect companies frequently share the same registered office, often at company formation agent addresses, with the same clustering appearing across both sectors.
- **Generic naming.** Almost half of the suspect hairdressing companies, and more than a third of the convenience stores, use one of just five generic words in their name. Most show little sign of any branding effort at all.
- **Rapid acceleration.** The number of suspect incorporations has risen by more than 340% from 2016-2018 to 2023-2025, despite enhanced regulatory scrutiny and high-profile enforcement activity over the same period.

Conservative modelling, set against published estimates from the National Crime Agency and the National Assessment Centre, provides an indicative estimate that between £310 million and £464 million may have flowed through these 3,097 companies alone. These numbers, although conservative estimates, illustrate the potential financial scale of these operations. Apply the same patterns across all five of the National Risk Assessment's high-risk cash-intensive sectors and the realistic figure for the past decade is likely to sit above £1 billion.

This is not just a financial crime, and the harm stretches further into human, animal and environmental damage. Operation Machinize, the National Crime Agency's coordinated crackdown on cash-intensive businesses, safeguarded 97 individuals identified as potential victims of modern slavery during a single three-week phase in 2025. The money flowing through these companies supports drug trafficking, exploitation, fraud and a long list of other serious offences. Legitimate businesses pay too, undercut on tax, wages and overheads by operators backed by illicit cash.

Companies House has begun to act. Under powers granted by the Economic Crime and Corporate Transparency Act 2023, it has removed 151,000 registered office addresses from the register, taken off 119,000 officer addresses, removed 95,200 PSC addresses, and redacted 77,900 incorporation documents. In total, over 158,000 companies were affected by compliance actions in the year to March 2026 alone. Approximately 3.81 million people have already obtained a personal code as part of the mandatory identity verification rollout, and 783,000 individuals have been verified through Authorised Corporate Service Providers. Even at that scale, the Companies House data suggests the underlying model continues to expand. For most of the period this research covers, online incorporation cost just £12, rising to £50 in May 2024 and £100 from February 2026, and the bulk of the suspect companies in the dataset were incorporated under that earlier fee regime. Companies can still be incorporated within hours, dissolved online with minimal scrutiny, and replaced under a new name almost immediately.

The findings point to systemic weaknesses that need sustained attention from Companies House, AML supervisors, and the regulated firms that interact with these businesses every day. Reforms are in motion, including the Economic Crime and Corporate Transparency Act 2023, the new £30 million High Street Organised Crime Unit announced by the Home Office in May 2026, and a phased increase in identity verification requirements. The Companies House register suggests that the speed and scale of exploitation continue to outpace those reforms.

The trajectory is upward, and the cost of inaction is rising with it.

Key findings in detail

The starting point for this research is a dataset of 3,097 dissolved businesses across two of the UK's high-risk cash-intensive sectors, pulled directly from the Companies House register and covering the period from 2016 to 2026.

These are not businesses that simply failed. Across multiple economic periods, sectors, locations and naming conventions, the same indicators repeatedly appear together. Some of these characteristics, looked at in isolation, could have ordinary explanations, including the high turnover that some sectors naturally experience. But across thousands of companies, two unrelated sectors and a decade of records, the consistency of the patterns becomes much harder to write off as coincidence.

Defining a suspected shell company

A company is included in the dataset where it meets all three of the following:

- Incorporated and dissolved within the same calendar year, between 2016 and 2026
- Registered under one of the SIC codes covered (96020 hairdressing and beauty, or 47110 non-specialist retail with food, beverages or tobacco)
- A lifespan of less than 12 months, meaning the company was dissolved before its first annual accounts were due

The methodology deliberately captures companies with very short lifespans that fit within a single calendar year window. This produces a defined analytical population of 3,097 companies. It does not attempt to capture every short-lived company in these sectors across all possible timing patterns, and the population should be read as representative of one specific type of short-lived corporate structure rather than of all short-lived companies in the sectors examined. The full methodology sits at the end of this report.

This isn't a claim of individual criminality, more a way of isolating a defined population of businesses whose lifecycle profile is statistically inconsistent with normal trading in those sectors. Investigating any individual company would require law enforcement access to financial records, which sits well outside the scope of this report.

Key finding 1: Remarkably similar lifespans across very different business models

Hairdressing and convenience retail are very different industries, and on paper there is no obvious reason their dissolution patterns should look anything alike. Hairdressing is a specialist personal service that needs trained staff, equipment and ongoing customer interaction to function. Convenience retail is general trade that can run with a single person, minimal contact and limited overheads. Despite all of that, the Companies House register shows the two sectors dissolving on near-identical timelines.

Dissolved businesses (suspected shell companies)

Sector	Count	Average lifespan	Median lifespan	Months
Hairdressing/Beauty	2,268	170 days	158 days	5.7
Corner Shops/Convenience	829	194 days	190 days	6.5
Overall average	**3,097**	**182 days**	**174 days**	**6.1**

Active businesses (legitimate operations)

Sector	Count	Average age	Median age	Years
Hairdressing/Beauty	65,461	1,200 days	1,000 days	3.3
Corner Shops/Convenience	28,995	1,268 days	868 days	3.5

The gap between dissolved and active businesses in both sectors is one thing. The closeness between the two dissolved-sector averages is harder to explain. Two industries with almost nothing in common operationally, dissolving on near-identical timelines, suggest the pattern isn't really about either business model. It points to a method underneath both.

Key finding 2: A wide gap between active and dissolved business lifespans

Genuine small businesses, even the ones that don't make it, tend to follow a recognisable arc. They trade for a few years, build a customer base of some sort, take on costs, ride out a slow patch, run out of capital and eventually close. That is how most failures look on paper.

The dissolved companies in this dataset show almost none of that. Most are open for less than seven months and show no obvious evidence of sustained trading.

The contrast with the active register makes the point clearly.

Corner Shops/Convenience sector comparison

- Dissolved businesses: 194 days (6.5 months)
- Active businesses: 1,268 days (3.5 years)
- Active businesses last 6.5 times longer than dissolved businesses

Legitimate business failure pattern Money laundering front pattern

Trades for months or years	Opens and closes within seven months
Gradual decline in revenue	No evidence of genuine trading attempt
Closure after capital is exhausted	Consistent lifecycle across thousands of companies
Average lifespan: 2 to 5 years	Average lifespan: 170 to 194 days

A normal business failure leaves a footprint, the customers, the lease, the accounts that eventually came in too late. Suspect companies don't.

Key finding 3: Geographic clustering

If the suspect incorporations were genuine business failures, you would expect to see them spread evenly across the country, roughly in line with the underlying business population in each sector. The Companies House records show the opposite. Suspect companies cluster heavily in a small number of postcode areas, well above what a normal distribution would produce.

A note on the Cardiff CF14 postcode. The Cardiff CF14 postcode appears prominently in this dataset, containing 49 hairdressing and beauty companies and 70 convenience store companies, giving 119 suspect entries at addresses within this postcode area. On closer examination, a significant proportion of these entries sit at an address (CF14 8LH) that is labelled in Companies House records as a default address, formally described as "Companies House Default Address, Cardiff." Under Section 1097A of the Companies Act 2006, as amended by the Economic Crime and Corporate Transparency Act 2023, Companies House places a company at this default address when a successful RP07 application has been made against its previous registered office, or when Companies House itself has determined the registered office is not "appropriate" under ECCTA rules. The concentration at this specific address is therefore not a genuine clustering of business activity at a single location.

That reframing does not diminish the significance of the finding. It changes it. Every company at that default address has been the subject of a specific compliance intervention by Companies House, either because someone provided evidence that the company was using an address without authorisation, or because Companies House determined the registered office was inadequate. In both scenarios, the public register itself has flagged that reliable contact information for these companies is not established. Companies House is not obliged to open documents delivered to the default address, and uncollected mail may be destroyed after 12 months.

For a piece of research focused on the characteristics of companies operating in sectors named as high-risk in the 2025 National Risk Assessment, that is analytically meaningful. The volume at this default address surfaced by this analysis is consistent with the wider picture of Companies House compliance enforcement under ECCTA. In the year to March 2026, Companies House removed over 151,000 registered office addresses across the register. That this analysis surfaces such activity at scale, in the specific sectors examined, suggests the underlying detection criteria used here are consistent with the compliance criteria Companies House itself is applying.

Outside of the Cardiff CF14 concentration, the wider geographic clustering finding stands on its own. Suspect companies concentrate in a small number of London postcodes and a handful of urban areas across England, well above what would be expected under a normal geographic distribution. The fact that the same postcode areas appear across both sectors strengthens the case considerably, because the pattern appears to be reused across business types rather than confined to one.

Top 15 postcode areas: Hairdressing/Beauty

Postcode	Businesses	% of Total
CF14	49	2.2%
N1	25	1.1%
E6	17	0.7%
EC2A	16	0.7%
E15	15	0.7%
EN3	13	0.6%
WC2H	12	0.5%
EC1V	12	0.5%
N17	11	0.5%
N15	9	0.4%
HA4	9	0.4%
LE3	8	0.4%
E8	7	0.3%
W2	7	0.3%
SE18	7	0.3%

Top 15 postcode areas: Corner Shops/Convenience

Postcode	Businesses	% of Total
CF14	70	8.4%
HA8	8	1.0%
NN1	7	0.8%
PE1	6	0.7%
N9	5	0.6%
E6	5	0.6%
L15	5	0.6%
LE3	5	0.6%
SE18	5	0.6%
ML3	5	0.6%
HU3	4	0.5%
SW16	4	0.5%
SW17	4	0.5%
HA1	4	0.5%
CR0	4	0.5%

Cross-sector geographic overlap: postcode areas appearing in both sector top-20 lists

Postcode	Hairdressers	Corner Shops	Total
CF14	49	70	119
E6	17	5	22
LE3	8	5	13
SE18	7	5	12

Key finding 4: Shared registered addresses

A note on the addresses referenced in this section: *many of the addresses identified are used by legitimate company formation agents, accountants, or professional service providers. The presence of multiple companies registered at a single address is not unusual in itself and does not imply wrongdoing by the address provider.*

Once you narrow the lens from postcode areas to specific addresses, the clustering becomes harder to ignore. The Companies House register shows a recurring pattern of suspect companies sharing the same registered office, even though the companies themselves have no obvious connection beyond the address itself.

The Companies House register shows repeated address concentrations, with the same pattern appearing across both sectors. Several formation agent addresses appear across multiple suspect companies in the dataset, with broadly similar lifespans and no publicly available indication that the companies traded from the registered address.

	Hairdressing/Beauty	Corner Shops/Convenience
Total addresses with 2+ businesses	44	18
Total businesses at shared addresses	140	41
Percentage of all suspects at shared addresses	6.2%	4.9%

Many of these are formation agent addresses, used for registration rather than as the actual trading location of the business. Formation agents legitimately register multiple clients from one address, and accountants do the same all the time. A normal pattern would involve a wide spread of clients across unrelated sectors. What the Companies House records appear to show in this dataset is the opposite, with repeated clustering of the same sector at the same address, often with similar lifespans.

Formation address	Hairdressing/Beauty	Corner Shops/Convenience	Total
A formation agent address in North London	20	2	22
A serviced office in Central London	2	1	3

Formation address	Hairdressing/Beauty	Corner Shops/Convenience	Total
A Covent Garden formation agent address	11	4	15

The same pattern of concentrated activity at single addresses has drawn Companies House attention. In its most recent ECCTA Progress Report (June 2026), the registrar cited its own worked case study of three interconnected companies that had registered 11,000 companies for overseas clients, with many registered to a single address where mail was reportedly piling up on the premises. The pattern our research surfaces is the same pattern the government itself is now confronting. Across the wider register, over 158,000 companies were affected by Companies House compliance action in the year to March 2026, and the number of PO Boxes used as registered offices has fallen from 3,800 to 700 since March 2024, with fewer than 300 remaining active. The direction is right. The volume of patterns in datasets like this one suggests there is still ground to cover.

Key finding 5: Generic naming and minimal branding

There is something quietly revealing about the way these companies name themselves. Legitimate small businesses tend to put real effort into their names, partly because the name is part of how customers find them, remember them and recommend them. Hairdressers and convenience stores live or die on local visibility and word of mouth. The names that turn up in the suspect dataset suggest the opposite priority, with generic, repetitive, low-effort branding that nobody is going to remember a week later.

Almost half (46%) of the suspect hairdressing companies, and more than a third (36%) of the suspect convenience stores, use one of just five generic words in their name.

Hairdressing/Beauty top terms

Term	Count	% of total
BEAUTY	424	18.7%
HAIR	306	13.5%
BARBER	301	13.3%
SALON	94	4.1%
CUT	58	2.6%
Combined (Top 5)	1,183	45.6%

Corner Shops/Convenience top terms

Term	Count	% of total
STORE	106	12.8%
FOOD	55	6.6%
MINI MARKET	45	5.4%
CONVENIENCE	43	5.2%
SHOP	41	4.9%

Term	Count	% of total
Combined (Top 5)	290	35.7%

A further 48% of the suspect hairdressing companies use extremely short, generic names. 14% use initials-only names or names with numbers in them, with examples including AC Barber Ltd, AAAN Ltd and Salon 54 Ltd. The convenience store sector follows a similar pattern, with 8% using initials-only names or numbers.

One of the more telling findings in the data is the near-absence of duplicate names across the dataset. The hairdressing data contained no exact duplicates, and the convenience store data contained just two, each appearing as two separate companies. Every other name in the dataset is unique, but the vast majority are minor variations on the same handful of words. That points to a name generation approach designed to avoid attention rather than build a brand. The fuller analysis is in the appendix.

Key finding 6: Rapid acceleration in activity

One of the more concerning findings in the data is the trajectory. The number of suspect incorporations in both sectors has risen significantly over the past decade, with around four and a half times as many suspect hairdressing companies in 2023-2025 as in 2016-2018, and over four times as many suspect convenience stores.

	Hairdressing/Beauty suspects per year	**Corner Shops/Convenience suspects per year**
2016-2018	76	34
2023-2025	347	150
Increase	359.0%	344.6%

Year-by-year trend analysis

Year	Hairdressing/Beauty suspects	% of Total	Corner Shops/Convenience suspects	% of Total	Total	% of Total
2016	9	0.4%	7	0.8%	16	0.5%
2017	68	3.0%	37	4.5%	105	3.4%
2018	150	6.6%	57	6.9%	207	6.7%
2019	227	10.0%	71	8.6%	298	9.6%
2020	222	9.8%	60	7.2%	282	9.1%
2021	209	9.2%	52	6.3%	261	8.4%
2022	332	14.6%	91	11.0%	423	13.7%
2023	312	13.8%	79	9.5%	391	12.6%
2024	354	15.6%	203	24.5%	557	18.0%
2025	376	16.6%	167	20.1%	543	17.5%
TOTAL	**2,268**		**829**		**3,097**	

It is fair to flag that the underlying barber and beauty sector has also grown substantially in the same period. UK barber shop numbers have reportedly increased by around 200% in five years, so some uplift in dissolutions would be expected even without any criminal involvement at all. That doesn't account for the full rise in suspected incorporations, but it is a useful piece of context to keep in mind.

What makes the trajectory harder to dismiss is that the rise has happened despite a significant uptick in regulatory and enforcement activity over the same period. Operation Machinize launched in 2025 specifically targeting barber shops, the Economic Crime and Corporate Transparency Act came into force in 2023, and Companies House has been progressively introducing enhanced verification requirements. The patterns in the dataset are still accelerating.

A few explanations for that acceleration are worth considering:

- **Increased criminal demand.** More criminal cash needs laundering, and the model continues to work.
- **Displacement effect.** Crackdowns in other sectors push criminal infrastructure into these business types.
- **Low detection rate.** Operators continue to perceive a low risk of prosecution.
- **Regulatory gaps.** Current oversight isn't yet acting as a sufficient deterrent.
- **Cost-benefit.** Fines and penalties remain low relative to the proceeds of crime.

The longer this remains a low-risk option for moving illicit cash, the longer the trajectory in the data is likely to point the same way.

What the data tells us

Viewed individually, almost any of the indicators in this research could have a perfectly innocent explanation. Businesses fail. Companies use formation agents. Some sectors naturally see more turnover than others. What makes the findings significant is that the same indicators show up together, repeatedly, across thousands of companies, across two very different sectors, and across a decade of records.

The businesses identified in this research don't behave like typical small businesses. The Companies House register shows a consistent set of characteristics across them:

- Extremely short lifespans, typically lasting under seven months before dissolution
- Concentration in cash-intensive sectors such as hairdressing, beauty and convenience retail
- Repeated use of the same company formation and registration addresses
- Heavy clustering in a relatively small number of postcode areas
- Generic or formulaic business names with little evidence of local branding

When you see them together at this scale, the indicators stop looking like quirks of small business and start looking like the design features of something deliberately engineered.

A repeatable shell company fingerprint

One of the strongest themes that comes out of the research is what is best described as a recurring shell company fingerprint. The highest-risk businesses in the data typically display several of the same characteristics at the same time:

- Registration at a known formation agent address
- Generic, initials-based or low-effort company names
- Operation in a cash-intensive sector
- Dissolution within a matter of months
- No evidence that the registered address was ever used for genuine trading

No single factor proves criminality. But the more these indicators appear in the same company, the less likely it becomes that the business was set up with a genuine commercial intent.

Patterns consistent with coordinated or repeated behaviour

What makes the picture from the Companies House register harder to dismiss is that the same patterns show up across fundamentally different business sectors. Hairdressers, beauty salons and convenience stores have very different operating models, customer bases and commercial pressures. If these were genuinely struggling small businesses,

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you would expect to see far more variation between them. The fact that you don't suggests something else is driving the behaviour.

One possible explanation consistent with the observed data is that the same underlying infrastructure is being reused across sectors. The repeated appearance of the same postcode hotspots, the same formation agent addresses, and the same business characteristics across very different business types is consistent with organised networks running short-lived corporate structures at scale, rather than thousands of independent failures all coincidentally looking alike.

The scale of the threat

The headline numbers in this report deserve a careful explanation, because the temptation with this kind of research is to lead with the biggest figure available and let the methodology trail behind.

The following estimates are illustrative and based on simplifying assumptions about cash throughput. They intend to demonstrate potential scale rather than provide a precise measurement of criminal proceeds.

Conservative modelling based on the dataset, set against published estimates from the National Crime Agency and the National Assessment Centre, provides an indicative estimate that between £310 million and £464 million may have flowed through the 3,097 suspected shell companies identified in the research, across the past decade and two sectors only. The calculation behind that figure is straightforward:

- 3,097 suspected shell companies identified over 10 years
- Average operating period of 170 to 194 days (5.7 to 6.5 months) before dissolution
- Modelling cash throughput of £100,000 to £150,000 per company across that lifespan
- **Total:** 3,097 companies × £100,000 to £150,000 = £310-464 million

Actual values could be materially lower or higher depending on business model, transaction volume, and the proportion of companies engaging in illicit activity.

The cash throughput figure is a modelled assumption, based on the typical operating profile of small cash-intensive businesses in the UK. It is intended to represent a conservative illustrative assumption, particularly when set against published evidence:

- The National Crime Agency estimates that £12 billion of criminal cash is generated within the UK every year, with cash-intensive high street businesses identified as a primary integration channel.
- According to the National Assessment Centre, £100 billion is realistically laundered through and within the UK, or UK corporate structures, each year.
- Operation Machinize, the NCA's coordinated crackdown on cash-intensive businesses, ran across two phases in 2025. The first phase, in April, resulted in over £1 million in freezing orders on bank accounts, 35 arrests, and 97 individuals safeguarded across 380 premises. The second phase, in October, targeted thousands of businesses, with over £10 million in cash, frozen bank accounts and criminal assets seized combined, and over 450 companies referred to Companies House for further investigation.
- Independent reporting on cash-intensive UK businesses has identified some declaring monthly revenues of £100,000 to £150,000, levels that are physically impossible given the size and footfall of the premises in question.

Against that backdrop, modelling a lifetime cash throughput of £100,000 to £150,000 across the full 5.7-to-6.5-month operating window of a typical shell company is intended to represent a conservative illustrative assumption. Higher figures are plausible, and several of the sources above would point to significantly higher.

The range also excludes several major categories. It assumes modest cash flow, leaves out businesses that remain active while laundering, and only includes those with lifespans under a year that fit within a single calendar year window. Longer-operating shell companies, informal cash businesses that sit outside any limited company structure, and any premises not registered under the SIC codes covered by the research are excluded entirely.

The Companies House records used in this research also cover only two of the five cash-intensive sectors identified as high-risk in the UK's 2025 National Risk Assessment. The other three (car washes, vape shops and phone shops, plus nail salons where not registered under hairdressing and beauty SIC codes) sit outside the dataset.

The NRA identifies five primary high-risk cash-intensive sectors:

- Barber shops (covered in this research)
- Car washes (not covered)
- Nail salons (included in hairdressing/beauty SIC 96020)
- Convenience stores (covered in this research)
- Phone shops (not covered)

So, three of the five fall partially or fully within the dataset. The other two are sectors where NRA evidence and Operation Machinize findings already point to similar patterns. If car washes and phone shops show comparable shell company activity to what the Companies House register reveals here, the true scale of money laundering through short-lived high street shell companies in the UK is likely to sit at least at £600-900 million over the past decade, with the realistic figure potentially exceeding £1 billion.

That wider figure is speculative, and worth presenting as such, but it isn't speculative without grounding. The two-sector finding already accounts for between £310 million and £464 million of cash laundered on conservative assumptions. Applying the same patterns across the remaining high-risk sectors makes the wider range easy to reach, equal, and surpass.

Why the current system enables abuse

It is worth acknowledging upfront that the UK's company formation system was never designed for what is being done with it. The low cost, the speed, and the light-touch verification were intended to make legitimate business formation as frictionless as possible, which is a legitimate policy goal. The problem is that the same features that work well for genuine small businesses also work well for shell companies, and the current controls aren't doing enough to tell the two apart.

The headline issues sit across the three main stages of a company's life:

- **Registration.** For most of the period this research covers, online incorporation with Companies House cost just £12. That fee had not changed since 2016. It rose to £50 on 1 May 2024 and then to £100 on 1 February 2026, both increases tied directly to funding the Economic Crime and Corporate Transparency Act and the rollout of identity verification. Even at £100, the UK remains one of the cheapest jurisdictions in the world for company formation. Identity verification for new directors and PSCs has been mandatory since 18 November 2025, alongside the requirement for a registered email address that came in under ECCTA in March 2024. The process can still be completed within hours.
- **Annual filing.** First accounts are not due until 21 months after incorporation, so any company dissolved within that window avoids filing obligations entirely.
- **Dissolution.** A company can be dissolved through an online application with very limited scrutiny, and once the DS01 application has been filed the process is generally completed within two to three months.

Sitting underneath those issues is the question of how Companies House investigates and acts on the patterns the register surfaces. Its latest ECCTA Progress Report (June 2026) makes clear that compliance and investigative activity has stepped up significantly since the Act came into force. In the year to March 2026 alone, 151,000 registered office addresses have been removed from the register, 119,000 officer addresses have been taken off, 95,200 PSC addresses have been removed, and 77,900 incorporation documents have been redacted where personal data had been used without consent. Over 158,000 companies were affected in total. Around 231 cases have been shared as intelligence referrals with the Insolvency Service, and 19 have progressed to investigation.

This is not a static regulator. The question the dataset behind this research raises is whether the volume of patterns still visible in the register is significantly larger than the volume currently being acted on.

Looking across the dataset, five specific gaps stand out as the most exploited.

Gap 1: No requirement to verify business premises exist or are suitable

Formation agents can register hundreds of businesses at a single office address, and there are currently no checks at the address itself to confirm it is suitable for the stated business activity. A registered hairdressing salon does not need to demonstrate that it has salon equipment, or even that there is salon space at the address. There is no requirement to provide a lease agreement or any proof of trading premises at the point of registration.

Gap 2: No triggers for suspicious patterns

Companies House does not currently flag multiple businesses incorporated at the same address in the same high-risk sector, very short business lifespans of under 12 months, or directors associated with multiple dissolved businesses. Each of those patterns is visible in the data this report draws on, and each one could in principle be picked up by an automated system at the point of incorporation.

Gap 3: Dissolution doesn't require explanation or investigation

Directors can dissolve a business online with no real questions asked. There is no requirement to explain why a business failed so quickly, no requirement to show that the business ever actually traded, and no automatic referral of suspicious dissolutions to relevant authorities. By the time anyone looks, the company is gone.

Gap 4: Directors can immediately create new companies after dissolution

There is no cooling-off period between dissolving one business and starting another, and no disqualification for creating a series of short-lived companies, which means directors can repeat the same pattern indefinitely without consequence.

Gap 5: Formation agents face minimal regulation

There is no statutory limit on the number of businesses registered to a single address, no requirement to verify clients' genuine trading intent, and no penalties for facilitating shell company creation.

The fact that all of this is still possible, despite ongoing reform, helps explain why the trajectory in the data continues to point upward. Between 2016-2018 and 2023-2025, the number of suspected shell companies identified in both sectors increased by more than 340%, despite enhanced regulatory scrutiny, reforms to Companies House, and several high-profile enforcement operations targeting money laundering.

That suggests current controls aren't yet acting as a sufficient deterrent, and that operators continue to view short-lived cash-intensive businesses as an effective and low-risk mechanism for moving illicit funds through the legitimate economy. The picture from the Companies House register isn't one of isolated abuse. It is one of a repeatable, increasingly widespread model operating openly across the UK high street.

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Recommendations

A note on our position

SmartSearch is a leading UK provider of anti-money laundering software. Its AML verification platform conducts individual and business searches for both the UK and international markets, with automatic worldwide sanction and PEP screening. It's not a law enforcement agency, regulator, or policy-maker. This research is intended to surface evidence of patterns we believe warrant attention, not to direct the operational priorities of those better placed to act. The observations below are offered in that spirit: as findings from the data, set against reforms and enforcement activity already in motion, with comment on where gaps appear to remain.

What the data shows

The findings in this report point to systemic weaknesses across three areas of the UK corporate registration and AML framework:

- The ease with which companies can be incorporated, dissolved and replaced in high-risk sectors without meaningful verification
- The limited supervision of formation agents and the infrastructure that supports company creation
- Inconsistent application of AML controls across the wider regulated economy that interacts with cash-intensive businesses

Each of these areas is the subject of active reform. Each also contains identifiable gaps that the data in this report helps to illustrate.

Reforms already in motion

Several significant reforms are already underway, and the direction of travel is right. The Economic Crime and Corporate Transparency Act 2023 has given Companies House genuinely new powers, and the Third Progress Report on the Act (June 2026) shows those powers being used at meaningful scale. Mandatory identity verification for directors and PSCs came into force in November 2025. The £30 million High Street Organised Crime Unit, announced by the Home Office on 19 May 2026, brings together the National Crime Agency, police, Trading Standards, HMRC and Companies House in a coordinated response to the exact business types this research covers. Fee increases and additional funding for enforcement activity have followed.

The question the data raises is whether the pace and scale of reform is matching the pace and scale of the underlying problem. 51,000 registered office addresses have been removed from the register as part of tackling address misuse. 119,000 officer addresses have been removed. 95,200 PSC addresses have been removed. 77,900 incorporation documents have been redacted where personal data had been used without consent.

Where the data suggests gaps remain

Based on the patterns visible in the Companies House register, five specific areas would strengthen the response:

- Automated red flag detection at the point of incorporation, using pattern-matching criteria similar to those applied in this research
- Enhanced scrutiny of formation agent addresses hosting multiple short-lived companies in high-risk sectors
- A defined cooling-off period between dissolving one company and incorporating another for the same director
- Requirements for evidence of trading intent at the point of incorporation for companies in NRA-named high-risk sectors
- Continued expansion of information sharing between Companies House, AML supervisors, and the regulated firms that interact with these businesses

None of these would replace the reforms already in motion. All of them would strengthen and accelerate them.

Conclusion

The Companies House register tells a story that is difficult to look at directly, and easier to walk past. The pattern this research surfaces is not one of isolated business failure. It is one of a repeatable, industrial-scale corporate model, quietly hiding among the small businesses that make up the UK high street.

The response to that pattern is now underway. Reforms are moving. Enforcement activity is stepping up. Companies House is using its new powers at scale. But the trajectory in the data suggests that for every step forward the regulators take, the underlying model is finding new ways to expand. That is not a reason to stop. It is a reason to move faster.

For the regulated firms that interact with these businesses every day, the message is simpler. The patterns are visible in the data. The typologies are documented. The technology to identify them at the point of onboarding exists. What is needed is the discipline to look, and the willingness to act on what the register is already showing.

SmartSearch Mayfield House, Lower Railway Road, Ilkley LS29 8FL Registered in England & Wales Company Number: 05534508
Credas, The Maltings East Tyndall Street Cardiff CF24 5EA Registered in England & Wales Company Number: 10429398

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2. Companies House fee changes, effective 1 May 2024 and 1 February 2026
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5. Operation Machinize (NCA, April 2025) and Operation Machinize 2 (NCA, October 2025) press releases
6. Illegal High Street Enterprise. Closed for Business, Open for Crime (Royal United Services Institute, 2026)
7. UK National Risk Assessment of Money Laundering and Terrorist Financing (HM Treasury and Home Office, 2025)
8. Companies House mandatory identity verification for directors and PSCs, effective 18 November 2025

Methodology

Data source

All data used in this research was extracted from the public Companies House register. No proprietary or non-public data sources were used.

Search parameters

Extraction was conducted on a year-by-year basis rather than as a single 10-year query, in compliance with Companies House download constraints. Each calendar year was treated as a separate search, capturing companies where both incorporation and dissolution occurred within the same calendar year window (2 January of year Y to 1 January of year Y+1). This produced a dataset of 3,097 companies with lifespans ranging from 84 to 355 days across 2016-2026.

The methodology deliberately captures companies with very short lifespans that fit within a single calendar year window. This design decision was appropriate for the research focus on short-lived corporate structures, but it produces a defined analytical population that should be read as representative of one specific type of short-lived corporate structure rather than of all short-lived companies in the sectors examined. In particular, the dataset does not capture short-lived companies whose incorporation and dissolution dates fell in different calendar years. Temporal distributions within the dataset (for example, the distribution of incorporation months) reflect the search parameters as well as any underlying behavioural patterns, and should not be interpreted independently of the methodology.

Sector selection

Two business sectors were selected based on their explicit identification in the UK National Risk Assessment of Money Laundering and Terrorist Financing (2025) as high-risk cash-intensive businesses frequently exploited for money laundering purposes:

1. **Hairdressing and beauty services** - SIC Code 96020. The National Risk Assessment specifically identifies barber shops and nail salons as prominent fronts for cash integration. Operation Machinize (2025) targeted 380 such premises, resulting in over £1 million in frozen accounts and 35 arrests.

2. **Non-specialist retail with food, beverages or tobacco** - SIC Code 47110. This category encompasses corner shops, convenience stores, off-licences, and newsagents. The National Risk Assessment identifies convenience stores and corner shops as high-risk cash-intensive businesses frequently exploited for money laundering.

Sector exclusions

Several other sectors mentioned in the National Risk Assessment were considered but excluded from this analysis due to methodological challenges:

- **Confectionery retail (sweet shops):** Sweet shops do not map cleanly to a single SIC code and would require searching across multiple codes plus name-based searches, introducing significant data quality challenges. Some sweet retailers operating as general stores are already captured within the SIC 47110 dataset.

- **Vape and e-cigarette retail:** Vape retailers use inconsistent SIC code classifications. Preliminary analysis identified only 1-2 businesses meeting the study criteria under available searches. Some vape and tobacco retail is already represented within the SIC 47110 category.

- **Car washes and hand car washes:** While explicitly mentioned in the National Risk Assessment, car washes were excluded from this study to maintain focus on sectors with substantial dissolved business populations and clear SIC code definitions. This represents an opportunity for future research expansion.

Definitions

- **Dissolved businesses:** Companies that have been struck off the Companies House register, either through voluntary dissolution or compulsory strike-off.

- **Active businesses:** Companies that remain on the active register at Companies House as of May 2026, indicating ongoing trading or dormant status but legal continuation.

- **Lifespan:** The period between a company's incorporation date and dissolution date, measured in days. For active businesses, lifespan represents the period from incorporation to the date of data extraction (May 2026).

Data fields extracted

For each business, the following information was collected:

- Company name and registration number
- Standard Industrial Classification (SIC) code
- Incorporation date
- Dissolution date (where applicable)
- Current status (Active or Dissolved)
- Registered office address

Analytical approach

The research employed quantitative analysis to identify patterns indicative of systematic money laundering activity rather than legitimate business failure:

- **Lifespan analysis:** Comparison of average operational lifespan between dissolved and active businesses

- **Geographic clustering:** Identification of postcodes and addresses with statistically abnormal concentrations of dissolved businesses
- **Shared address analysis:** Detection of registered office addresses used by multiple dissolved businesses, particularly those associated with company formation agents
- **Cross-sector correlation:** Comparison of patterns across both sectors to determine whether behaviours are sector-specific or indicative of shared underlying infrastructure
- **Active vs dissolved comparison:** Benchmarking of dissolved business characteristics against active businesses in the same sectors

Limitations

This research is based solely on publicly available Companies House data. It does not include:

- Trading history or financial performance data (which is not always filed)
- Director information (analysed separately where available)
- Evidence of actual money laundering activity (this would require law enforcement access to financial records)
- Businesses operating informally without limited company registration
- Businesses that remain nominally active but are no longer trading
- Short-lived companies whose incorporation and dissolution dates fell in different calendar years

The research identifies patterns consistent with money laundering typologies described in the UK National Risk Assessment but does not prove criminal activity in individual cases. All findings should be considered indicative patterns requiring further investigation by relevant authorities.

Ethical considerations

All data used is publicly accessible through Companies House. No personally identifiable information about directors or individuals is published in this report. The research is conducted in the public interest to highlight potential weaknesses in business registration oversight and the scale of potential money laundering infrastructure on UK high streets.

Dataset overview

Dissolved businesses:

- Hairdressing/Beauty (SIC 96020): 2,268 businesses
- Corner Shops/Convenience (SIC 47110): 829 businesses
- Total: 3,097 businesses over 10 years (2016-2026)

Active businesses (comparison group):

- Hairdressing/Beauty: 65,461 businesses
- Corner Shops/Convenience: 28,995 businesses
- Total: 94,456 businesses

Appendix - Detailed analysis: Business name patterns

Ethnic/geographic identifiers - low usage suggests shell companies

Hairdressing/Beauty (2,268 businesses):

Term	Count	%
TURKISH / TURK	26	1.1%
KURDISH / KURD	12	0.5%
POLISH	7	0.3%
ARAB	1	0.0%
Total with ethnic identifiers	**46**	**1.9%**

Corner Shops/Convenience (829 businesses):

Term	Count	%
ROMANIAN	2	0.2%
ARABIC / ARAB	3	0.4%
AFRICAN / AFRO	2	0.2%
POLISH	1	0.1%
Total with ethnic identifiers	**8**	**1.0%**

Only 1.9% of hairdressing businesses and 1.0% of corner shops use ethnic/geographic identifiers. This is significantly lower than would be expected if these were genuine businesses catering to specific ethnic communities. Legitimate ethnic businesses typically emphasise their cultural identity in branding to attract their target customer base.

Generic business terms - minimal branding effort

45.6% of hairdressing businesses use one of just 5 generic terms. These are the most common, least distinctive names possible. 35.7% of corner shops use one of just 5 generic terms.

Minimal effort names - strong indicator of shell companies

	Hairdressing/Beauty		Corner Shops/Convenience	
	Number	%	Number	%
Initials-only names	181	8%	25	3%
Names with numbers	114	5%	37	5%

High-risk indicator combination

When a business exhibits all of the following characteristics, it aligns closely with the risk profile observed across the dataset:

- Registered at a formation agent address
- Generic or initials-only name
- Dissolved within 6 months of incorporation
- In a high-risk sector (hairdressing/beauty, corner shops)
- No indication of trading from the registered address

Score: 5/5 indicators = high alignment with the dataset's observed risk characteristics. This does not establish wrongdoing in any individual case.

Businesses meeting 3+ indicators are estimated to represent 60-70% of the 3,097 dissolved businesses in the dataset, or approximately 1,900-2,200 businesses with a high-alignment risk profile.

SmartSearch
Mayfield House, Lower Railway Road, Ilkley LS29 8FL
Registered in England & Wales
Company Number: 05534508