

15 December 2021



**PRIVATE & CONFIDENTIAL**

Kevin Hollinrake MP  
House of Commons  
London  
SW1A 0AA

Dear Kevin

**SILENTNIGHT – FRC FINES**

Thank you for your letter of 2 December regarding the fines levied by the Financial Reporting Council (FRC) Tribunal in the Silentnight case.

During the last few months we have had quite extensive correspondence with Burges Salmon LLP, who have been acting on behalf of the Trustees of the Silentnight Pension Scheme. In July they requested that ICAEW consider whether the fines levied by the FRC Tribunal and due to be received by ICAEW could then be paid to the Pension Scheme. This request was discussed at the ICAEW Board on 15 July, and the points set out by Burges Salmon were examined in detail.

While the Board had sympathy with the way in which members of the Pension Scheme may be adversely affected by the administration of Silentnight in 2011, it noted that the Accountancy Scheme (which is the relevant regime governing how cases are dealt with by the FRC) was never intended to operate as a compensation scheme for third parties who may have suffered losses as a result of actions of ICAEW members and member firms. Indeed, this would have complicated and potentially duplicated the civil rights of third parties to seek redress through the Courts directly from the member or member firm alleged to have caused the loss. The Board concluded that it would not be appropriate for ICAEW to remit any part of the Accountancy Scheme fine it may receive from the FRC in relation to this matter to the Pension Scheme. At the further request of Burges Salmon, the ICAEW Board considered this matter again at its meeting on 26 October, and it re-affirmed its previous decision.

I hope this clarifies ICAEW's position.

Yours sincerely,

**Michael Izza**  
Chief Executive