Case No: CR-2023-001063

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)
NEUTRAL CITATION NUMBER [2023] EWHC 1365 (Ch)

The Rolls Building
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Fetter Lane
London
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Friday, 26 May 2023

BEFORE:

MR JUSTICE TROWER

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IN THE MATTER OF MORSES CLUB SCHEME LIMITED

AND IN THE MATTER OF THE COMPANIES ACT 2006

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MR A AL-ATTAR and MR E LUPI appeared on behalf of the Morses Club Scheme Limited

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APPROVED JUDGMENT

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MR JUSTICE TROWER:

1. In these proceedings Morses Club Scheme Limited ("SchemeCo") seeks the court's sanction of a scheme of arrangement under Part 26 of the Companies Act 2006 (the "Scheme"). SchemeCo appears at this sanction hearing by Mr Al-Attar and Mr Lupi. No Scheme creditors appear, nor does the Financial Conduct Authority, although, in circumstances to which I will come a little later, it has made a number of contributions to the formulation of the Scheme since it was first proposed.

2. SchemeCo is a wholly-owned subsidiary of Morses Club Limited ("Morses Club") and was incorporated in 2022 for the sole purpose of implementing the Scheme. Until 13th February 2023, Morses Club's shares were listed on the Alternative Investment Market. It has now been re-registered as a private limited company.

3. Morses Club is the UK's largest provider of home collected credit, with some 141,000 customers throughout the UK. Its business is a regulated activity and requires authorization by the FCA. Historically, it has made several hundred thousand loans per annum to customers on low or moderate incomes, typically with a poor or limited credit history and who are often unable to access credit from mainstream providers. The loans tend to be made in cash, for terms of 52 weeks or less and with amounts lent that are typically less than £1,000.

4. From time to time Morses Club has engaged in the practice of selling a proportion of its loans to third party debt purchasers. Morses Club has engaged in negotiations with the debt purchasers to enter into debt reduction agreements for the purpose of ensuring that the customers whose loans have been assigned to a debt purchaser are treated in the same way as those customers whose loans are still held by Morses Club and are subject of the Scheme. Those arrangements have now been finalized and I was shown the relevant documents at the commencement of this hearing.

5. The background to the Scheme is that, since April 2018, Morses Club has been the subject of a growing number of claims by its customers for financial redress. Those claims arise out of complaints relating to the provision of loans to customers in

circumstances in which Morses Club is said to have failed sufficiently to perform checks relating to the customers' ability to afford loan repayments and to the sustainability of the loan.

6. In broad terms, customers able to substantiate their complaints are entitled to compensation equal to the interest and charges paid on their loans, plus interest on such amounts. The growth of these claims can be illustrated shortly as follows. In the year ended 31st March 2018, Morses Club had received a total of 269 redress claims. By the end of the year ending 31st March 2022, it had received over 9,000. It contends that this dramatic increase was caused as much by the marketing campaigns of claims management companies as it was by the issues which existed in relation to its past lending practices.

7. Whatever the cause, the effect of this increase in claims was that, in the year ended 31st March 2022, over £6 million was made in cash payments as compensation in respect of its redress liabilities. The significant increase in the number of redress claims brought in recent years reached a critical point in March 2022 when the directors of Morses Club resolved that it was untenable for the business to continue paying those claims in full in the ordinary course of its business. They concluded that putting in place a scheme of arrangement was the most appropriate mechanism for ensuring that customers with redress claims should continue to be treated equally.

8. After discussions with the FCA over the course of the next few months, the FCA confirmed, in August 2022, that it was satisfied there was good reason for Morses Club to implement a pause on dealing with redress claims. The way it was put was that the FCA accepted that there was:

> *"... a credible risk that, without a pause for complaints handling being implemented relatively soon, the firm is likely to become cash flow insolvent within the next two to three months."*

9. On 11th August 2022, which was immediately after receipt of the FCA's decision, Morses Club announced that it was pausing the process of all new redress claims with immediate effect in order to develop the Scheme. Morses Club then put in place a ringfence in the form of what has been called the, "VREQ trust account", so that loan

repayments received from customers making a redress claim after that date are held on trust for their benefit.

10. The claims arising out of these complaints are the principal category of liability which the Scheme is concerned to compromise. More specifically, the redress claims to be compromised are liabilities owed by Morses Club arising out of or in relation to the sustainability or affordability of a loan made by Morses Club to a borrower between 1st April 2007 and 2nd August 2022, and in respect of which a customer has or may make a claim on or after 11th August 2022. The original start date proposed, which was 1st April 2014, was pushed back to 1st April 2007 after the first convening hearing. This had the effect of expanding the potential Scheme creditor constituency by 34,000 people, with a further 87,000 existing potential Scheme creditors having additional loans qualifying for potential redress. The Scheme also includes claims against a subsidiary of Morses Club called Shopacheck Financial Services Limited in respect of loans made between 1st April 2014 and 28th February 2015.

11. In addition to the redress claims themselves, the liabilities which Morses Club has for fixed fees payable to the Financial Ombudsman Service ("FOS") for reviewing redress complaints for the period after 11th August 2022 (at a rate of currently £750 per case) is the other main category of liability which the Scheme is concerned to compromise. In January 2023, FOS announced that it would pause the processing of all complaints made to it against Morses Club and that it would not be taking on any new complaints if and to the extent that they were affected by the proposed Scheme. Those amounts were running at a significant rate. Thus, for the year ended 31st March 2022, the FOS fees liability was substantially over £1million on the over 2,000 cases referred to.

12. The Scheme does not seek to compromise other categories of claim against Morses Club. Thus, Scheme claims do not include the claims of Morses Club's ordinary trade creditors, nor do they include claims arising out of loans made before 1st April 2007 when FOS took over regulation of consumer credit firms, or claims arising out of loans made after 2nd August 2022, when Morses Club informed the FCA of its likely inability to continue meeting redress claims in full.

13. This is not of itself objectionable because it is well established that a company proposing a scheme of arrangement can choose the creditors with which it wishes to enter into a compromise, so long as it does so for good commercial reasons. In the present case, I am satisfied that there are good commercial reasons for what is proposed. It is reasonable for Morses Club to promulgate a scheme of arrangement of the type proposed to deal with a particular problem with which it is faced without having to compromise other categories of claim by creditors with which it is desirable for it to continue to trade in order to carry on its business.

14. There is also a simpler reason for why it is not objectionable: it is SchemeCo which is proposing the Scheme, not Morses Club itself. In the circumstances explained in Leech J's judgment delivered at the first of two directions hearings (and to which I will come shortly), its only liabilities are those which it has undertaken by Deed Poll and, so far as SchemeCo is concerned, there are no other liabilities which the Scheme could compromise.

15. The structure of the proposed Scheme involves the establishment of a compensation fund for the Scheme creditors and the release of Scheme claims in exchange for an entitlement to a proportionate share in the compensation fund. The Scheme provides a mechanism for customers to prove their claims, for those claims to be determined and for the customers then to receive a dividend. The estimate of the amount of the cash return to be paid from the compensation fund is now 20 pence in the pound, which is a drop from the amount originally estimated at the time that the Scheme was first launched.

16. In the first instance, SchemeCo will apply a claims methodology to determine the correct quantum of the claim. The methodology was amended to reflect FCA concerns between the first and second convening hearings. If the Scheme creditor does not accept the determination, there is then an adjudication process to be administered by a partner in Norton Rose Fulbright, with expertise in the area, as independent adjudicator.

17. During the course of this hearing I was taken through the Scheme adjudication process by Mr Al-Attar in some detail. The claims are to be assessed by the

methodology which is designed to replicate the approach which would be adopted by a skilled person. It has been considered with evident care by the regulator. No objections have been advanced that the methodology is flawed in its current form and it appears to me on its face to be capable of application in a manner which is fair to Scheme creditors. I am satisfied that it will operate in a coherent and reasonable manner for the purpose of determining Scheme claims and that its structure is one which Scheme creditors could reasonably approve. In reaching that conclusion, it is appropriate for the court to place some weight on the views of the FCA as to the detail of the way in which the methodology is to be applied and its suitability for the creditor constituency concerned.

18. The source of the funds required for the compensation fund is threefold. The first is at least £15 million of new money to be received in exchange for 95% of Morses Club's shares. In the evidence this is called "the shareholder funding". The second is a further £5 million from future cash flows. In the evidence this is called “the Morses Club funding." The third is the turnover amount, which is the realisable value of the net assets of Morses Club and its subsidiary, Shelby Finance Limited, as at the effective date, to the extent that it exceeds £5 million, to be paid by a date in July 2024. I should just say that Shelby's business is the provision of online lending and it shares some of its support function with Morses Club. Any redress claims against Shelby will continue to be dealt with in the ordinary course of its business.

19. During the period in which the Scheme was being prepared, a number of steps were taken by Morses Club to assist Scheme creditors in their assessment of the proposals. Thus, a committee representing customer interests, chaired by Mr Jamie Drummond-Smith, was established in July 2022. Eight customers were selected by Mr Drummond-Smith to form the committee, including some who have unpaid loans and some who do not. A customer advocate, Mr Jon Yorke, who is a solicitor experienced in the field, has also been appointed. His role is to answer any general queries that customers may have in relation to the Scheme, to engage with various consumer protection groups to understand any concerns they may have and to present objections or challenges to the Scheme on their behalf.

20. Mr Yorke prepared a report for the court which summarised the objections, challenges and comments received by him in so far as they are relevant to the issues to be considered at the convening hearing. Since the issuing of that initial report, he has received a further 94 emails from Scheme creditors, but the evidence is that none of those emails specifically objected to the sanctioning of the Scheme, although it is fair to say that some of them were critical of Morses Club in more general terms. A well known debt advice service, Debt Camel, concerned with issues relating to Morses Club's business, has informed Mr Yorke that they have seen very little comment from Scheme creditors in relation to the terms of the Scheme itself.

21. Turning then to the court process, as with all applications for the sanction by the court of a scheme of arrangement, the first hearing was concerned with the Scheme company's application under s.896 of the 2006 Act to convene a meeting of the Scheme creditors. In the present case, this application came before Leech J on 7th March 2023, when he adjourned the application. He did so in the light of a number of concerns expressed by the FCA, who appeared at the hearing by leading counsel.

22. It appears from paragraph 21 of Leech J's judgment that the FCA's concerns included concerns relating to uncertainties regarding the funds available to pay redress. As Leech J put it:

> *"The FCA considers the Scheme to be highly speculative and uncertain, that there is a substantial risk that funding will never materialize and that this will only become clear after a substantial period of time."*

23. These concerns were further articulated as concerns leading to uncertainty regarding the level of expected dividend, problems with the valuation amount and time of the shareholder funding and concerns about the claims methodology which Morses Club was proposing to adopt, and to which I have already alluded. Leech J also recorded that:

> *"The FCA was concerned about the position of Shelby, which will continue to be funded by Morses Club, but there is no potential upside for Scheme creditors if it performs better than expected."*

24. The extent of these concerns fed into the documentation to be circulated to proposed Scheme creditors - a question of significance in light of the fact that the FCA expressed the view that the nature of the Morses Club customer base was such that many of them were unlikely to read either the explanatory statement or the Scheme documents.

25. Although Leech J adjourned the application when it first came before him, he did determine at stage 1 a number of points as to jurisdiction, which the Practice Statement contemplates should normally be decided at the convening stage. The first of those points related to the fact that, although the redress complaints were made against Morses Club, the company promulgating the Scheme is SchemeCo, it having assumed liability for redress claims made against Morses Club pursuant to a Deed Poll dated 12th December 2022.

26. The reason that Morses Club chose to introduce this structure was to avoid, so far as possible, defaults or other termination events under certain contracts, including, in particular, its secured funding facility. By that Deed Poll, SchemeCo irrevocably and unconditionally agreed, as a primary obligation in favour of each redress creditor, and in favour of the Financial Ombudsman Service, to pay any amount owing by Morses Club to the redress creditor in respect of redress liabilities, or to FOS in respect of fees, as the case may be. This enabled the liabilities undertaken by SchemeCo to be compromised, together with the release of Scheme creditors' claims against Morses Club itself.

27. For the reasons explained in paragraphs 11, 12 and 28 of the judgment he gave at the first convening hearing, and relying on what was said in *Re Lecta Paper (UK) Ltd* [2020] EWHC 382 (Ch) and *Re Provident SPV Ltd* [2021] EWHC 1341 (Ch), Leech J was satisfied that this structure did not give rise to any jurisdiction issues. In the absence of any argument to the contrary, it would not be right to revisit that issue at the sanction hearing, anyway in any formal sense, because the point has already been decided. However, I can say that, on the material I have seen, I would have reached the same conclusion as Leech J for the reasons he gave.

28. The second issue relates to class composition. Leech J considered whether more than one class was required in paragraphs 29 to 33 of his judgment. He did so in light of his conclusions that: "For class purposes, the relevant comparator to the Scheme is an insolvent administration." I am satisfied from the evidence that it remains the case at this sanction hearing that administration is the eventuality that is most likely to occur if the Scheme is not sanctioned and, therefore, remains the proper comparator, both for class purposes, with which Leech J was primarily concerned, and for the purposes of assessing the benefits of the Scheme more generally.

29. In reaching that conclusion, I have considered the evidence of the directors' views, who estimate that, as at the end of March 2023, Morses Club had an estimated current redress liability in excess of £21 million and available cash of less than £0.5 million. I have also had regard to the evidence adduced from Interpath Limited as to the value of the Morses Club Group as at 18th January 2023, reflected in its valuation report. In addition, I have had regard to the fact that neither the FCA nor any Scheme creditor has sought to contend before the court that administration is not the most likely result if the Scheme is not sanctioned.

30. In reaching the conclusions on class that he did against the background of an administration comparator, Leech J had particular regard to a number of issues. First - and applying the approach of Snowden LJ in *Amigo (No. 2) [2022]* EWHC 549 (Ch) - he held that there was no need to require separate classes for redress customers and the claims of FOS. He also considered what might have been asserted to be relevant differences between those customers entitled to assert a right of set off for their redress claims against their outstanding loan balances and those who were not. Leech J also looked at the position of customers entitled to payments out of the VREQ trust account and concluded that the difference in their position was simply a function of the timing of the claims, or payments which they had made, rather than any difference in underlying rights. He also had regard for class purposes to the position of Scheme creditor customers whose loans from Morses Club had been assigned to third parties.

31. In the result, Leech J concluded that none of these matters fractured the proposed single class. It is clear that he heard full argument at the first convening hearing on these points, and that he reconsidered the position at the second convening hearing in

the light of the changes to the Scheme documentation introduced as a result of the FCA's concerns. Even if I were to have had doubts as to the correctness of his conclusions, which I do not, I can see no reason to depart from the normal practice, which is that it would be inappropriate for me at the sanction hearing to take a different view on his decision as to classes in the absence of any creditor appearing to contend that they were not correctly constituted - see the analysis of Snowden LJ in *Re Global Garden Products Italy SpA* [2017] BCC 637 at [43].

32. The Scheme meeting directed by Leech J, was held on 18th May 2023. Directions for its notification to Scheme creditors and for it to be chaired by Mr Drummond-Smith had also been given by Leech J. The outcome was that Scheme creditors representing 97.7% by number and 97.4% by value of those present in person or by proxy voted in favour of the Scheme. SchemeCo has drawn attention to the fact that FOS voted against the Scheme, but, despite a request, has not given an explanation as to why it did so. It was not represented at the sanction hearing, and I have to proceed on the basis that, although it determined that it wished to vote against the Scheme, there are no matters to which it wishes to draw the court's attention for the purposes of determining whether or not sanction should be granted today.

33. The approach the court adopts to the exercise of its discretion under s.899(1) of the Companies Act 2006 to sanction a compromise or arrangement is well established. In *Re Telewest Communications (No. 2) Limited* [2005] 1 BCLC 772, David Richards J confirmed the classic formulation of the principles set out by Plowman J in *Re National Bank*, by a reference to a passage in Buckley on the Companies Acts. The analysis there referred to was slightly reformulated by Snowden J in *Re KCA Deutag UK Finance plc* [2020] EWHC 2977 (Ch) at [16], in a passage which helpfully identifies the four questions that the court must ask, as follows:

> *"The relevant questions for the court at the sanction hearing can therefore be summarised as follows:*
> *(i) Has there been compliance with the statutory requirements?*
> *(ii) Was the class fairly represented and did the majority act in a bona fide manner and for proper purposes when voting at the class meeting?*

(iii) Is the Scheme one that an intelligent and honest man, acting in respect of his interests, might reasonably approve?
(iv) Is there some other blot or defect in the Scheme?"

34. As to compliance with the statutory requirements, s.899 of the Companies Act 2006 provides that:

> *"If a majority in number representing 75% in value of the creditors or class of creditors present and voting, either in person or by proxy, at the meeting summoned under s.899(6) agree the compromise or arrangement, the court's jurisdiction to sanction the Scheme is engaged."*

In the present case, the statutory majorities were obtained by a substantial margin, as I have already explained.

35. As to the second aspect of the statutory requirements, I am satisfied that the directions for the calling of the Scheme meeting were complied with and that the arrangements directed by Leech J for the holding of that meeting by remote means were sufficiently implemented. In particular, I have given careful consideration to the notification evidence for the Scheme meeting. There was evidence before Leech J as to the steps which SchemeCo and Morses Club had taken to draw the Scheme to the attention of its customers, including the sending out of the usual practice statement letter, website posting and circulation of the letter to creditors by email, together with notification by text for those for whom Morses Club only had a phone number. Advertisements were also placed in The Daily Mail and The Mirror and on Morses Club's Facebook page. It is against that background that I have assessed, and I am satisfied of, the notification evidence.

36. The final statutory requirement is whether the single class meeting was properly constituted. For the reasons I have already given, I am satisfied that it was.

37. The next of the four considerations identified by Snowden J in *KCA Deutag* is whether the class was fairly represented and whether the majority acting in a bona

fide manner and for proper purposes when voting at the class meeting. There are a number of aspects of what occurred which relate to this issue.

38. The first is the turnout. The evidence disclosed that, of the estimated approximately 630,000 potential scheme creditors, approximately 12 per cent voted on the scheme. The participation rate was higher if the percentage is calculated by reference to the total number of Scheme claims which SchemeCo predicted would be submitted in the Scheme. Adopting that figure, which has some relevance in the light of the nature of the liability sought to be compromised, the percentage of participation was approximately 49 per cent. The participation percentage rises to 61 per cent if the percentage of participation is applied to the 124,000 claims that are expected to be upheld in accordance with the applicable claims methodology. In my view, this turnout was at a level which represents a materially relevant level of participation by Scheme creditors.

39. Secondly, there is no evidence that the majority vote was in any way attributable to a collateral, special or other interest which might have undermined the vote's status as being representative of the relevant class.

40. Thirdly and importantly, the information on the basis of which Scheme creditors were invited to vote directed them, in my view, to the proper question of whether they took the view that the compromise on offer was one that was in their interests as members of the relevant class. In this context one of the questions which will always arise, more particularly in the case of a scheme where the creditors are consumers who are likely to be unfamiliar with the scheme process, is whether the explanatory statement and other materials sets out the advantages and disadvantages of the scheme fairly and in clear and straightforward terms.

41. In the present case the scheme document itself is lengthy and I suspect will not have been read in full by many Scheme creditors. Its language initially caused the FCA some serious concern, but that is not a concern which the FCA has continued to maintain in its most recent correspondence. In my view, while the structure of the documentation is in some respects dense and its deep content is detailed, it is relatively easy to follow. It also includes clear statements of advantages and

disadvantages in readily comprehensible form. While there is obviously a difficult balance to be struck between providing sufficient information and carrying out that task in an easily accessible form, I am satisfied that that balance has been struck in the right place in the present case.

42. It also seems to me to be relevant to this issue that there were a number of levels at which Scheme creditors have been given additional support in reaching their conclusions on how to vote, should they choose to take advantage of those support mechanisms. They included the existence of the Customer Advocate, who both considered the explanatory statement and the commercial impact of the Scheme from the perspective of Scheme creditors and was available to provide additional information and assistance to them should the need arise. They also included a number of aids to understanding what is proposed with videos on the Scheme website. One of those videos records a helpful explanation from Mr Drummond-Smith on the work of his committee and why they have reached the conclusion that the role the committee has played in negotiating the compromise with Morses Club achieved the best deal available. For all of these reasons I am satisfied that the class was fairly represented and that the majority acted in a bona fide manner and for proper purposes when voting at the class meeting.

43. The third of the four considerations identified by Snowden J in *KCA Deutag* is whether the scheme is one that an intelligent and honest person acting in respect of their own interests might reasonably approve. The overwhelming extent of the votes cast in favour of the Scheme, when combined with what I have explained are the sufficient steps that were put in place to explain the proposal to Scheme creditors, is confirmatory that this is the case.

44. The court will normally proceed in the basis that scheme creditors themselves are a better judge of what is in their own interests than the court so long as it is properly explained to them. However, the weight of votes in favour is never determinative. In my view, the evidence is very clear in this case that this is a proposal which an intelligent and honest person might reasonably approve. In circumstances in which the directors' estimated likely outcome for Scheme creditors is now 20p in the £ under

the scheme, to be contrasted to the payment of a dividend in administration of what may be little more than 1p in the £.

45. The commercial realities point towards the proposal as being one which Scheme creditors could quite sensibly accept. Interpath have concluded that the return of 20p in the £ under the scheme represents a reasonable estimate, although it is necessary to bear in mind that it does take a different view from the directors on the likely administration return, which it assesses at approximately 3p in the pound. Nonetheless, the differential between the estimate of an administration return, at whatever level it is taken, and a return of 20p in the pound if the Scheme were both to be sanctioned and to become effective in accordance with its terms is very considerable.

46. There will always be questions as to whether a scheme company proposing this type of scheme might be able to offer more. But the evidence, in my judgment, is sufficient to show that this is unlikely to have been the case with regard to Morses Club. The amount to be contributed to the compensation fund is the maximum amount that Morses Club considers it will be able to pay above its minimum liquidity requirements and the maximum amount that shareholders would be willing to invest for 95 per cent of its shares. From what I have seen, this has been stress tested both by the committee chaired by Mr Drummond-Smith, and also by the FCA. I am satisfied that it was reasonably open to Scheme creditors to conclude that this was a proposal that they should adopt on those grounds.

47. I only add this. One of the issues of particular concern to the FCA was the possibility that Scheme creditors might be worse off in the event that the Scheme becomes effective but is subsequently terminated earlier. Morses Club sought to address this concern by the provision of what is described in the evidence as early termination funding in the form of the minimum amount that would be available to customers and the FOS if Morses Club went into an immediate administration without a scheme. I think in that context it is right to note that the position of the FCA has now shifted from one of concern about the terms of the scheme to one in which it has articulated its current position as follows, and I quote:

> *"Based on the above, on balance the FCA considers that its key concerns are sufficiently mitigated if the earlier termination and funding and other protections as above work as is intended."*

Then a little later:

> *"On this basis, therefore, the FCA does not intend to oppose the scheme. Equally, the FCA does not intend to be represented by counsel at the sanction hearing."*

48. While it is right to reiterate in this context that the decision on whether or not to sanction the scheme is one for the court, not the FCA, the court can, in my judgment, take some comfort from the position the FCA has taken. It confirms the views of the overwhelming position of Scheme creditors and is an opinion which has been expressed after what has obviously been the most careful scrutiny.

49. The final question for the court to consider is whether there may be some form of blot or other defect in the Scheme. In this context SchemeCo submitted that there was sufficient certainty as to the Scheme's commercial effectiveness for the court to conclude that issues of certainty of outcome should not of itself give rise to an objection to sanction. I agree.

50. This is not a case in which the Scheme itself is conditional on the occurrence of events controlled by third parties which have not yet occurred. It follows that the principle that the court will be cautious not to act in vain is not really engaged. What is engaged is the issue of whether there is sufficient certainty that the relevant commercial conditions as to the funding of the compensation fund will be achieved. This relates to the likelihood of the members voting to approve the rights issue, the likelihood of there being sufficient participations in the share offering to raise the capital required and the likelihood of the free cash flows being sufficient to obtain the anticipated return to fund the £5 million element. These were all matters which were of concern to the FCA, but I am satisfied that there is a reasonable prospect that these conditions will on the evidence be achieved.

51. Finally, the court must have regard to the views that some Scheme creditors have expressed other than through their votes at the Scheme meeting. In particular, the evidence is that SchemeCo has received a considerable volume of correspondence in relation to the Scheme. As at 17 February 2023, it had received over 10,000 emails, 63 letters and over 25,000 calls from or on behalf of Scheme creditors. They were concerned with a number of different points. They sought clarification of the original materials, they sought assistance with administrative matters and they constituted notifications from customers who were not interested in participating. But at that stage none of them raised any issues regarding the constitution of scheme meetings nor any other matter going to jurisdictional, nor any other matter that might give rise to a blot.

52. Since then SchemeCo has received a further approximately 2,500 emails, nine letters and 28,000 calls regarding the scheme. The evidence from SchemeCo is that none of these communications raise any issues relating to the fairness of the scheme or class composition. This further correspondence fell into a number of different categories concerned with matters such as requests for loan history, registration on the claims portal, the position of deceased scheme creditors, creditors asking to be taken off the scheme distribution list, requests for further information in general terms, requests just to update customer records and emails supplying evidence to support creditors' claims and voting communications.

53. All of these communications are precisely the type of communications that one would expect in the context of a consumer scheme, but none of them on the evidence that has been put before me raise issues that go to the fairness of the scheme or any matter which the court can ultimately take into account for the purposes of determining whether or not it is appropriate to grant the relief sought at the hearing today.

54. Having regard to all of these considerations, and in particular to the matters which the authorities, culminating in *KCA Deutag*, requires the court to have regard on a sanction hearing, I am satisfied that this is a scheme which the court can and should sanction and I will so order.