

## How to dismiss a company director

Directors bear a great deal of responsibility and are legally bound to work in the best interests of the company. As such, any non-compliance with the company's articles, or any breach of duty must be treated seriously and in certain circumstances, a director's actions may even lead to the need for dismissal.

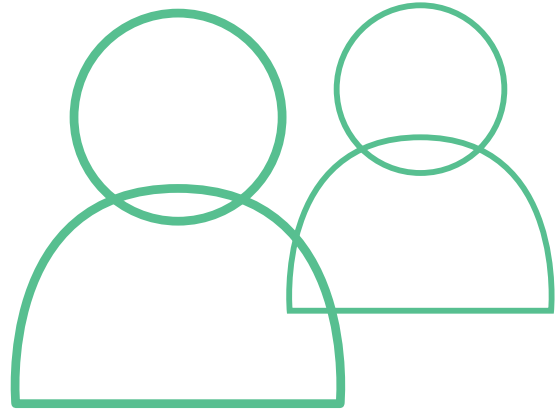
There are various procedures for the removal of a director under English law so here are 4 common ways to do this. Remember, to give you a better understanding of the options available to you if you find yourself in this situation be sure to give us a call for a consultation to see how we can help.

The first recourse for removing a company director in a private limited company is by referring to the company's articles of association. These articles are the written rules about how the company is run and created when registering a company.

Typically, the articles include provisions outlining the circumstances in which a person will automatically cease to be a director (for example, if the director has become ill, bankrupt or is voted out by the directors). As such, if a director needs to be removed for the good of the company, the board of directors can refer to the company articles in order to instigate that removal.

If a director cannot be removed under the company's articles, section 168 of the Companies Act 2006 provides that a company may dismiss a director by ordinary resolution (meaning 51% approval) at a meeting of the shareholders.

This can be done before the completion of the director's period of office, regardless of any



contractual agreement between himself and the company.

Even if the company's articles exclude the ability to remove a director by ordinary resolution, the Companies Act overrides any such provisions.

Along with detailing the specific duties required of directors, the Companies Act also sets out the statutory procedure for removing a director from office. Before calling the meeting to dismiss the director by ordinary resolution, the shareholder or board members proposing the resolution must give the company special notice of their intention to do so at least 28 days before the meeting. The company must then forward a copy of this resolution notice to the relevant director. Following the company and the director's receipt of the special notice, a board meeting must be held to convene the general meeting for the ordinary resolution. Before dismissal, the relevant director must be given an opportunity to represent himself in front of the other directors and shareholders.

In cases of misconduct or unfitness on the part of a director, you may also seek dismissal through the courts. Under the Company Directors Disqualification Act 1986, a person may be disqualified or prohibited from acting as a director for up to 15 years by court order.

However, the order still does not remove the person from his position as a shareholder, which can pose a

serious concern as directors often own company shares as well. In such circumstances, there are various recourses by which the dismissed director can have his shares bought out.

For more information on how to dismiss a company director in accordance with English law, or for expert advice on how to handle every stage of the proceedings, contact us on 020 3475 6751 or via email at [info@carterbond.co.uk](mailto:info@carterbond.co.uk)

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“I would highly recommend the services of Carter Bond for any type of corporate or commercial work.”

Enis Rifat, MIYA Solicitors

#### HIGHLIGHTS

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We were awarded the 'Commercial Lawyers - London', in the prestigious 2020 UK Enterprise Awards

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