

Creditors unlikely to see a return following Grimsby fish processor collapse with debts of over £3m

The failure of Grimsby fish processor Cook and Lucas may leave Barclays with a £1.2 million hit after assets recovered were deemed insufficient to meet its debts.

And unsecured lenders also face no returns on a further £1.9 million outstanding following the sudden collapse that cost 80 jobs earlier this year.

The company abruptly ceased trading in January after defaulting on two funding arrangements with the banking giant, pulling the shutters down on operations in Riby Street and Humber Street. It had secured £800,000 through an invoice discounting facility, with a similar amount drawn through a Coronavirus Business Interruption Loan Scheme, while also holding a credit card account.

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Details were revealed as administrators' proposals were approved in the High Court, with Interpath Advisory having been appointed by Barclays in an attempt to protect its position.

Sales of £24 million, with a net profit of £1.5 million had been reported in the year to April 2021, but the company run by Adam Croft and Anthony Lovett, had subsequently purchased the long lease of Compass House, a derelict building on Riby Street, and had not been servicing the debt "at a time when the Cook and Lucas' trading performance had deteriorated".

In the report prepared by joint administrators James Clark and Howard Smith, the court was told how “following various breaches of the facilities provided to CLF, CLF then abruptly ceased operations”.

With Cook and Lucas having operated out of rented premises, focus turned to Compass House “a derelict property we understand was in the early stages of renovation at the time of our appointment”. However, “certain health and safety matters which will require rectification” were identified by appointed agent Sanderson Weatherall.



Cook and Lucas premises that closed suddenly in January.
(Image: Reach Plc)

The administrators continued: “Due to the unknown cost of rectifying the health and safety matters at this time it is highly uncertain whether there will be sufficient funds to enable a return to the secured creditor, Barclays.

“We do not anticipate there will be sufficient funds to make a distribution to unsecured creditors.”

First breaches occurred in 2022, with the invoice discounting facility removed in November, with Barclays entering into discussions with the directors “to attempt to have them remedy the position”.

The administrators added: “In early January 2023 the position had still now been remedied, and Barclays had had very limited correspondence with the company. In the circumstances, Barclays issued a breach letter on January 6. Barclays then subsequently became aware from media reports that CLF had abruptly closed its plant, and had laid off its staff on or around January 10.”

Interpath was contacted on January 11, and appointed at the High Court Leeds District Registry on January 25. They said that given it was insolvent, with no employees, “a sale of the business would not be achievable”.

By late February Barclays had recovered £342,000 from £1.7 million owed to Cook and Lucas, with almost £100,000 that had been held in the bank. No claims have been lodged by either employees or HMRC.

Proposals to maximise realisations from assets, investigate and pursue any claims the company may have and potentially extend the administration period have been accepted by the court, as well as the making of distributions to creditors where funds allow.

Dissolution of the company has been highlighted as the likely outcome.

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