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COMMERCIAL SNAPSHOT

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In This Issue

From employment law and corporate compliance reforms to consumer protection updates and key legal rulings, this issue highlights the latest developments shaping the business landscape and what they mean for employers and organisations.



Featured Article

AI didn't cheat. It changed the Rules.

The interesting story here isn't that AI cheated. It's that it found a way to win.

Many of us have viewed the news from OpenAI that its AI system found a way to break through the boundaries of the environment in which it was being tested and had gone on a jolly of its own and ultimately compromised Hugging Face's production infrastructure with a combination of alarm and fascination.

[Read Full Article](#)

Information Commission Launches New Governance Structure

Information Commission Launched on 30 September 2026

As of 30 September 2026, the Information Commissioner's Office have transitioned to the Information Commission albeit shall continue to use its well known 'brand' of Information Commission Office (ICO).

Whilst this change introduced a new governance structure, the existing regulatory function will remain.

One of the biggest changes we will see is the move to an Information Commission Board, rather than its one person legal structure, and therefore we will see a more framework-based structure. The board of non-executive members were announced back in July 2026.

What does this change mean for businesses? Generally, we do not anticipate an explosive change day to day but businesses should review their current data privacy documentation and update the reference to match the definitions set out in the legislation.

New Support for Employees Following Pregnancy Loss

The Government confirm new law for Bereaved Parents

The Government has recently confirmed that, from April 2027, employees who experience a pregnancy loss before 24 weeks will be entitled to up to two weeks of unpaid bereavement leave.

This new entitlement will apply to women and their partners and will cover circumstances including miscarriage, termination of pregnancy and unsuccessful IVF embryo transfers. As it stands today there is no general statutory right to bereavement leave for pregnancy losses occurring before 24 weeks.

We are seeing a real shift in employment rights since the takeover from the new Government and the implications that this has on businesses. This announcement is a legal right for unpaid leave leaving it in the hands of the employer as to whether employers extend this further with company benefits pay.

Equal Pay Update: Recruitment and Retention Justify Pay Differences

Equal pay ruling overturned: what does this mean for employers?

The Employment Appeal Tribunal ("EAT") has overturned the landmark Employment Tribunal decision concerning equal pay at Next. This case involved more than 3,500 Next employees, a large portion of which were female shop floor workers, who argued that they were unfairly paid less than employees working in Next's warehouses, who were predominantly male, despite the roles being of equal value. The Employment Tribunal found that the difference in pay between shop floor workers and warehouse workers was not objectively justified.

Most notably, the EAT's decision highlights that genuine market forces can contribute to the justification of differences in pay between different groups. The EAT accepted that Next had a legitimate aim in paying warehouse workers higher rates in order to recruit and retain sufficient numbers of employees, in a challenging labour market.

The EAT concluded that the difference in pay between shop workers and warehouse staff was a proportionate means of achieving a legitimate aim, given the particular recruitment and retention difficulties faced by Next in relation to the warehouse workforce. The EAT could not establish that the pay difference was based on sex or gender.

In summary, the EAT decision confirms that genuine labour market factors relating to recruitment and retention can, in appropriate circumstances, provide a legitimate justification for paying one group of employees more than another, provided the employer can demonstrate a legitimate aim and that the difference in pay is a proportionate means of achieving that aim.

The EAT's ruling is an important reminder for employers to ensure that any decisions regarding differences in pay between groups of employees are supported by clear and legitimate business reasoning. This case further provides a useful opportunity for employers to review their pay structures, ensure that there is sufficient supporting evidence for those structures, and to make sure that the evidence is well recorded.

Consumer Law Update:

Roll out of New Consumer Protection Rules

The Government have announced that they will be bringing forward the date of the implementation of the subscription contract regime to January 2027. It was originally planned for spring 2027 – just another attempt by the Government to help reduce the cost of living. We included this regime in our last edit of the Newsletter which can be found on our website.



ASA Ruling Highlights Risks for AI Advertisers

ASA Ruling on AI-Powered “Looksmaxxing” App Highlights Risks for AI Advertisers

The ASA has upheld complaints against advertisements for Maxxing, an AI-powered “looksmaxxing” app that claimed to help users improve their attractiveness through personalised “glow-up” plans. The regulator found that the adverts created the impression that users could achieve significant and measurable improvements to their appearance through use of the app, supported by before-and-after imagery, appearance scores and claims such as “Glow-Up in 28 Days” and “Dramatically improve your overall look”. However, the advertiser was unable to provide evidence that the images were genuine, that the same individuals were shown before and after, or that the results represented typical outcomes. The ruling highlights that where advertising suggests real-world efficacy, businesses must be able to substantiate those claims with robust evidence.

The ASA also ruled that the advertisements were socially irresponsible, finding that they could exploit body-image insecurities, particularly among young people, and reinforce harmful gender stereotypes through references to masculinity, femininity and physical transformation. The decision serves as an important warning for AI businesses that existing advertising rules on substantiation, social responsibility and harm apply equally to AI-powered products. Advertisers should ensure that outcome-based claims, transformation imagery and appearance-related messaging are carefully assessed for compliance, as the ASA is likely to continue scrutinising AI advertising with increasing focus.

Project Bank Accounts: Lessons from the E & TL Jones Decision

Third Party Rights - E & TL Jones (Civils) Ltd v Vale of Glamorgan Council 2026

In E & TL Jones (Civils) Ltd v Vale of Glamorgan Council, the Courts considered whether a subcontractor could recover unpaid sums directly from an employer where a Project Bank Account (PBA), intended to protect payments to the supply chain, had never been established. Following the insolvency of ISG Construction Ltd, the main contractor, E & TL Jones sought to recover more than £480,000 from the Council under the Contracts (Rights of Third Parties) Act 1999. The subcontractor argued that the Council had breached the main contract by making payments directly to ISG instead of into the PBA, resulting in the loss of funds when ISG entered administration.

The Court dismissed the claim, finding that E & TL Jones had never become a “Named Supplier” under the contract because it had not completed the required joining process for participation in the PBA. As a result, it had no enforceable rights under the Contracts (Rights of Third Parties) Act 1999. The Court also held that the Council had not breached the contract by paying ISG directly, as the PBA had never been opened and the payment obligations relied upon by the claimant depended on the existence of an operational account. The decision serves as an important reminder that subcontractors seeking the protection of a PBA must ensure that the necessary contractual and procedural steps are completed, as the intended protections may not apply if the arrangement is never formally established.



Corporate Compliance Update: Key Changes for Directors

UK Corporate Compliance 2026 - Greater Transparency and Increased Director Responsibility

4 Key changes – August 2026

1. Companies House delays major filing reforms
2. Director’s loan write-off can trigger a personal tax charge
3. Relying on an advisor does not automatically provide a reasonable excuse
4. Companies House is actively monitoring Authorised Corporate Service Providers (ACSPs)

The UK’s 2026 tax and Companies House reforms demonstrate a continued shift towards greater digitalisation, transparency and active enforcement of corporate compliance. Companies House has delayed the major accounts filing reforms from April 2027 to April 2028, giving businesses additional time to prepare for mandatory software-based filing, the removal of abridged accounts and new profit and loss filing requirements for small and micro-entities.

The reforms also reinforce that appointing an accountant or other adviser does not transfer the company’s legal responsibility for compliance, meaning directors should maintain appropriate oversight of filings and deadlines. This is increasingly important as Companies House actively monitors Authorised Corporate Service Providers (ACSPs) and can suspend or terminate an ACSP’s status where it is no longer satisfied that the provider is fit and proper, including in cases involving serious or repeated compliance failures.

From a tax perspective, directors should also be particularly cautious about outstanding director’s loans, as writing off or releasing a loan can trigger a personal Income Tax liability for the director, alongside National Insurance obligations for the company. Overall, these developments indicate a move towards a more actively monitored compliance environment, where businesses should not simply rely on advisers but should retain appropriate governance, review processes and evidence that their statutory and tax obligations have been properly addressed.

Contact Our Business Services Team

If you require any assistance or guidance with our business services, we would be delighted to hear from you. Please don’t hesitate to get in touch, and our team will be ready to provide the support you need.

Hereford Office | Kidwells House
Coldnose Road
Rotherwas Industrial Estate
Herefordshire
HR2 6JL

01432 278 179
IP@kidwellssolicitors.co.uk

Bristol Office | Kidwells House
Great Park Road
Bradley Stoke
Bristol
BS32 4QG

0117 435 0014
IP@kidwellssolicitors.co.uk

