



## When is a freezing order not a freezing order? Hughes v Bellamy [2026] EWHC 237 (Ch)

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The court granted injunctive relief under s.25 CJA 1982 in support of foreign proceedings.

The claim was issued urgently, relying on the **American Cyanamid** test and seeking to preserve the assets and status quo of two English companies, D2 (P1) and D3 (AIP). The urgency arose because Mr Hughes discovered that AIP had disposed of most of its assets, seemingly to parties connected to D1 (Mr Bellamy).

AIP resisted the application and argued that it was, in substance, a freezing order without the usual safeguards and without evidence of dissipation. Green J held that, given the short return date (in three working days' time), the sale and concerns around non-disclosure adequately demonstrated a risk of dissipation for interim purposes; if the test for a freezing order applied, it was satisfied. The injunction was granted, subject to exceptions for legal expenses and ordinary course payments on notice.

### What are the practical implications of this case?

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- » The case demonstrates that s.25 CJA can be a useful tool to preserve English assets pending determination of foreign proceedings where urgent protection is needed. Practitioners in cross-border shareholder disputes should consider a s.25 application early where there is a real risk of assets being moved before the foreign court can act.
- » The most interesting point is that, on a very short return date, the court was not prepared to treat the distinction between a status quo injunction in support of an unfair prejudice claim and a freezing injunction as decisive. Here, Mr Hughes applied on the basis of the test in **American Cyanamid**. Counsel for AIP argued that the application was, in substance, a freezing order application, such that the usual safeguards had to be present. The judge treated that point as having limited traction because the order was short term and a prompt return date had been fixed. The decision illustrates that, in an urgent shareholder dispute, there may be real overlap between the two forms of relief where the same facts support both.
- » The court gave significant weight to evidence that assets had been sold without prior disclosure to Mr Hughes. The judge accepted that the events of the previous day – a disposal said to involve connected parties and possible undervalue and a lack of disclosure to Mr Hughes – were sufficient to justify, at least temporarily, a risk of dissipation. That underlines the importance of prompt evidence as to what assets have moved, when, why and what remains.

### What was the background?

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Mr Hughes (C) and Mr Bellamy (D1) are equal shareholders in, and both directors of, an Isle of Man company (Mulberry), which in turn is the 100% shareholder of two English subsidiaries, P1 (D2) and AIP (D3). The joint venture was formed in 2025 to develop a sovereign AI business. The business was split such that P1 held an option for land in England with potential for significant power capacity, while AIP was the trading entity. Mr Hughes was not a director of either subsidiary; Mr Bellamy was a director of both.

A dispute arose between the shareholders as to funding and governance. Mr Hughes contended that each shareholder had agreed to lend substantial funds to Mulberry to capitalise the business (to be lent principally to AIP). It was common ground that he provided his share of the funding but Mr Bellamy had not provided any. Mr Bellamy denied any such agreement and contended instead that Mr Hughes had agreed to provide the full £25 million.

There were also disputes about governance, with Mr Hughes alleging that Mr Bellamy instigated significant corporate changes at AIP without authority. In early January 2026, Mr Hughes proposed that receivers be appointed over P1 and AIP to preserve assets given Isle of Man proceedings had begun. On 14 January 2026, Mr Hughes discovered that AIP had sold the bulk of its assets that day, said to be to a management purchaser vehicle connected to Mr Bellamy and at an undervalue. That precipitated the urgent application on 15 January 2026 seeking to prevent further disposals pending a return date on 21 January 2026.

### What did the court decide?

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Green J granted the injunction sought until the return date on 21 January 2026, subject to exceptions permitting expenditure on legal costs and other payments on notice to Mr Hughes.

The court accepted that the purpose of the order was to preserve the status quo and prevent any further disposal of assets in P1 and AIP pending resolution of the unfair prejudice petition (at [12]). That was important because the relief Mr Hughes intended to seek in the foreign proceedings – namely a buy out of Mr Bellamy’s shares in Mulberry – would only be meaningful if those subsidiaries had value.

As for the basis on which he granted the relief, the judge adopted a pragmatic approach and held that the distinction between an injunction advanced on the freezing order jurisdiction basis and one put by reference to the **American Cyanamid** test in the unfair prejudice context did not carry the matter very far on these facts, particularly given the very short-term nature of the relief sought (at [14]) and his finding that there was sufficient evidence of a risk of dissipation in any event.

The case is notable because of the overlap between the two forms of relief. Although the application was advanced as an injunction to preserve the status quo in support of an unfair prejudice claim, the facts relied on – in particular, the sale the previous day of the bulk of AIP’s assets, without prior disclosure to Mr Hughes, together with legitimate questions as to possible undervalue – were also capable of evidencing a risk of dissipation of the kind ordinarily relied on in support of freezing relief.



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*“Paul is a colossus in the world of civil fraud. Hugely knowledgeable and commercially experienced.”* (Legal 500)

Paul specialises in commercial law, and has specific expertise in banking and finance-related matters. Paul is an Associate of the Chartered Institute of Bankers. Paul’s practice has particular emphasis on disputes with a heavy accountancy element, including the manipulation of company accounts, departure from fundamental accounting concepts (especially prudence and accruals), the failure of company accounts to give a true and fair view, unlawful dividends, company valuations, shareholder disputes and commercial fraud.

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Joe specialises in commercial law, banking and finance, commercial fraud and professional negligence. His practice encompasses the High Court, the Court of Appeal, the Supreme Court and arbitrations across the gamut of institutional rules. Joe is ranked in the latest edition of Chambers & Partners and Legal 500 in Commercial Dispute Resolution, Civil Fraud and Banking and Finance

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Maya has a broad commercial practice spanning international arbitration, commercial litigation, insurance and shipping disputes. Despite her level of call, she has already appeared at every level of the English Court system, including the Supreme Court and Court of Appeal, as well as the High Court (in both trials and interlocutory applications). She also acts in arbitrations under ICC, LCIA, UNCITRAL, LMAA and GAFTA Rules.

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