

What's exceptional about Ernst & Young?

Published: January 13, 2026, 5:45 am

[FT.com / Companies / Financial Services - Lehman report casts auditors in poor light.](#)

As the FT notes:

Claims about Ernst & Young's part in the collapse of Lehman Brothers look set to open a wider debate on what has until now been one of the least dissected aspects of the financial crisis — the role played by auditors.

[Anton Valukas](#)'s report on the [biggest bankruptcy in US history](#) has sent shockwaves through the accounting fraternity in its heavy criticism of Lehman's auditor E&Y, one of the Big Four firms.

It goes on to say:

The claims against E&Y, although exceptional, give grist to a growing lobby questioning the purpose of auditors in providing investors with a true picture of the financial health of a company.

This is where I part company with the report. What's exceptional about E & Y's performance. They:

- allowed window dressing
- put form over substance
- ignore the true and fair over-ride
- box ticked to confirm compliance with an accounting framework they helped create and which is itself misleading

That's what auditors do. There's nothing exceptional about this. The only odd thing is no one has appreciated it - bar the likes of Prem Sikka, Dennis Howlett, Francine McKenna and me.

This is not chance. This has been the collective turning of a blind eye.

Of course that could carry on. But society will pay the price.