

British banks guilty of helping Nigerian money launderers...

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My friends at Global Witness has just issued the following press release, which is worthy of reproduction in full for the level of abuse it shows prevalent in UK banking:

Global Witness calls for a thorough investigation into HSBC, Citibank and Abbey National (now owned by Santander) for their roles in the laundering of millions of pounds by James Ibori, former governor of Nigeria's oil-rich Delta State. Ibori pleaded guilty to ten counts of money laundering and fraud in relation to an estimated \$250 million of stolen state assets on 27 February; today was the first day of his sentencing hearing.

"By doing business with Ibori and his associates, these banks facilitated his corrupt behaviour and allowed him to spend diverted state assets on a luxury lifestyle, including a private jet and expensive London houses, while many Nigerians continue to live in poverty," said Robert Palmer, a campaigner with Global Witness.

Today, the prosecution provided an overview of Ibori's crimes, and in particular any aggravating factors. The details of how Ibori and his accomplices stole government funds and moved them into the UK are only coming out now, as a reporting restriction was in place until his guilty plea. His wife, sister and mistress have already been convicted of money laundering as have a string of professional intermediaries including a lawyer, a fiduciary agent and a corporate financier.

Ibori, who was governor of Delta State from 1999 to 2007, inflated government contracts, accepted kickbacks and even directly stole funds from state coffers.

His official salary was £4,000 a year and his formal asset declaration stated that he had no cash or bank accounts outside of Nigeria. Despite this he managed to buy several houses around the world, including one in the UK valued at £2.2 million, luxury cars (a Bentley, Range Rover and Maybach) and a \$20 million Challenger private jet.

According to the prosecutor, Sasha Wass QC, Ibori and his associates used multiple accounts at Barclays, HSBC, Citibank and Abbey National to launder funds. Millions of

pounds passed through these accounts in total, some of which were used to purchase expensive London property.

In one case US\$4.8 million was transferred from a Barclays account belonging to a company of which Ibori was formally a director to another account at Barclays controlled by Ibori's lawyer, Badhresh Gohil. The funds passed through two Swiss accounts, including one at a branch of Schroders in Zurich, and were used as part payment for the private jet. In another case, Ibori and others were able to cream \$37.8 million off from the sale of Delta state shares in the telecoms company V Mobile.

Ibori had numerous Barclays accounts. The prosecutor described how in one case between 1999 and 2006 Ibori deposited £1.5 million in a Knightsbridge branch of Barclays, much of this was in rolls of banknotes.

In America Ibori held two accounts at Citibank and ran up a \$920,000 American Express credit bill between 2003 and 2006. He bought a \$1.8 million house in Houston, as well as moving at least \$500,000 through his lawyer's client account at the now-defunct AIDT bank in Denver, Colorado.

Banks and lawyers have a legal obligation to identify their customers and carry out ongoing checks to identify any suspicious transactions which they have to report to the authorities. In particular, they are supposed to identify customers who are senior politicians or their family members and close associates, who could potentially represent a corruption risk, and do extra checks on their funds.

This case raises serious questions about the due diligence that Barclays and the other banks carried out on Ibori and his associates. What checks did these banks do to ensure that the funds they were handling were not the proceeds of corruption?

A 2011 review by the UK bank regulator, the Financial Services Authority (FSA), revealed that British banks were systematically failing to carry out the required anti-money laundering checks — particularly when dealing with senior foreign politicians. The FSA has said that it will take a tougher line in future and will start doing more intensive supervision. For example, last month Coutts bank was fined £8.75 million for failures uncovered during the regulator's 2011 review. But compared to the £1.9 billion in profits made by Coutts' parent bank RBS, this fine can be seen as simply a cost of doing business, especially as RBS has been fined more than once in the past for similar failures.

"It's welcome that the FSA has said it will do more to target banks that fail to tackle financial crime. But unless they issue penalties that really hurt, nothing will change," said Palmer. "And we now need an investigation into how Ibori was able to move so much money through these British banks for so long and whether or not sufficient checks were carried out."

The case also shows how money launderers such as Ibori are able to use shell companies spread across different countries to move and conceal their assets. At present it can be incredibly difficult for law enforcement and others to identify the actual person who controls and benefits from a company. Global Witness is calling for all countries to use their company registers to publish details on the real, 'beneficial' owner of all companies.

Barclays and HSBC declined to comment on the specific allegations due to client confidentiality. They said they had robust anti-money laundering and anti-corruption policies that applied across their global holdings. Santander declined to comment.

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