

The unseen villain in the HBOS piece

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I have already mentioned the cover up at HBOS. There is, however, a villain in the piece [who the Guardian have correctly identified](#) Andrew Tyrie talking about:

Andrew Tyrie, the Conservative MP who chairs the Treasury select committee, urged the regulators to press on with investigations: “Better late than never … The FCA and PRA should get on with this immediately.”

He also called for further action on auditors KPMG, after the Financial Reporting Council, which polices the accountancy profession, said there were no grounds for an investigation. “The audit process was an important part of the story of HBOS’s failure,” said Tyrie.

Tyrie is right. HBOS was so badly insolvent that it required £25 billion of state support and KPMG had not apparently noticed the risk when signing off their last audit report months before the crash. If the FRC say that is not grounds for investigation it's very hard to think what is. But there again, how can we expect revolving door regulation to work? If we want a state that upholds the functioning of capitalism for the benefit of us all then we have to invest in a well paid, properly resourced system of regulation. And KPMG, through their activities in tax havens (along with the rest of the Big 4) [ensure that the revenues needed to achieve that are denied to the government](#). How convenient, you might say.