

Accounting experts call for KPMG audit investigation

Published: January 13, 2026, 6:49 am

The [FT reports this morning that](#):

Accounting experts have called for an independent investigation into KPMG's audit of collapsed lender HBOS, arguing that preliminary inquiries by the UK accounting watchdog do not go far enough.

The call comes in response to:

The Financial Reporting Council announce[ment] on Thursday that it had asked its executive council to make preliminary inquiries into KPMG's audit of HBOS under its disciplinary scheme for the accounting profession.

As the FT note:

"This announcement is a very limited and tentative gesture," said Dr Atul Shah, a senior lecturer at Suffolk Business School, University Campus Suffolk.

"It is very narrow in focus (thereby limiting the chance of finding fault), and only begins a whole chain of step-by-step investigations, which can take years to finish and of course would not be independent. We have no confidence in this latest announcement at all."

Dr Shah argues that by highlighting only one year, the focus of the FRC's preliminary inquiries is too narrow because the eventual £20.5bn collapse of HBOS was the result of an aggressive sales culture and growth trajectory with weak risk controls that built up over many years.

Atul Shah, who I am pleased to call a friend, has done great work on this issue. [His paper on it is here](#). I have lent my support by being a member of the group calling for this review, which is long overdue.

The question now is whether or not the FRC and Treasury Select Committee will respond.

