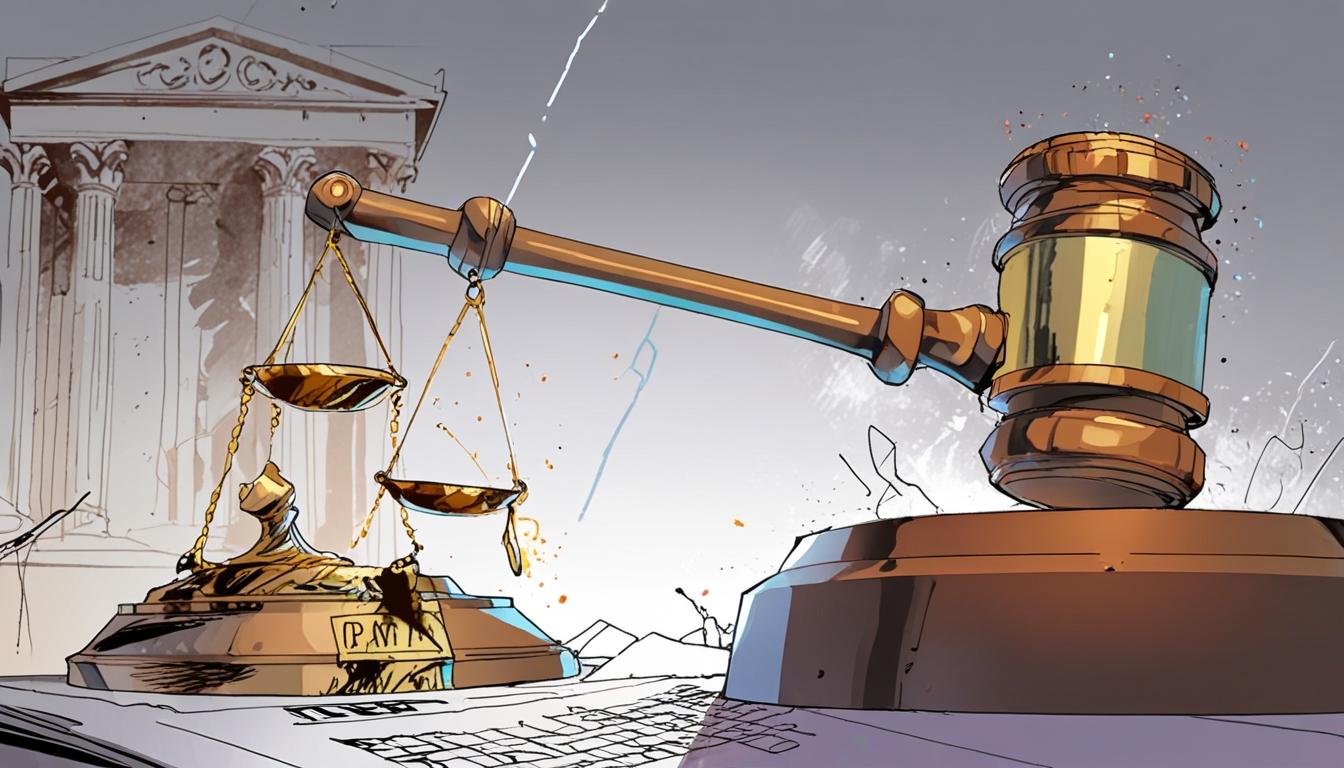
# PwC fined £2.9 million for audit failings linked to Wyelands Bank



The Financial Reporting Council (FRC) has announced a £2.9 million fine against the accounting firm PwC for significant failings in its audit of Wyelands Bank, a lender previously owned by Sanjeev Gupta, known for his ownership of Liberty Steel. This decision was made public on Tuesday, highlighting PwC's breaches of audit requirements related to the bank's 2019 financial accounts.

Wyelands Bank, which was established in 1980, became part of Gupta's GFG Alliance in 2016 with the aim of supporting UK industry. However, the bank faced serious financial difficulties leading the Prudential Regulation Authority (PRA) to intervene in 2021 by ordering the repayment of customer deposits. This directive followed revelations concerning the bank's financial situation and its practices involving the transfer of depositor funds into Gupta’s broader business interests, as uncovered by investigations reported by the Financial Times.

The FRC identified several areas where PwC's audit fell short, including risk assessments, related party transactions, and compliance with laws and regulations. Jonathan Hinchliffe, the PwC partner responsible for the audit, received a personal fine of £33,412, reduced from an initial £55,000 due to the firm's cooperation with the investigation.

Claudia Mortimore, deputy executive counsel at the FRC, remarked on the situation, stating, “The audit breaches in this case highlight the importance for auditors to have a full understanding of the audited entity and its business.” She emphasised that the audit's deficiencies stemmed from a failure to properly recognise the risks associated with Wyelands’ link to the GFG Alliance, despite explicit warnings from the PRA.

In response to the FRC's findings, PwC expressed remorse, stating, “We acknowledge and apologise that aspects of this piece of work fell short of the required standards.” The firm noted it has initiated a multi-year programme to enhance audit quality since the audit in question, resulting in significant changes to its practices.

While the initial penalty against PwC was set at £4.5 million, the fine was reduced due to what the FRC described as “exceptional cooperation” from the firm during the investigation. The FRC also stipulated that PwC would cover the costs incurred by the investigation.

Wyelands Bank, primarily engaged in trade finance activities, began winding down its operations in March 2020. A substantial proportion of its business had been linked to companies within the GFG Alliance, raising further concerns over its financial practices. The PRA's actions to restrict the bank's exposure to these related parties highlighted the risks involved with its lending activities, which had largely been funded by retail deposits.

In light of these events, the scrutinies surrounding financial governance within Gupta's operations continue, as the FRC calls attention to the necessity for auditors to maintain rigorous standards and a thorough understanding of the entities they are tasked with evaluating.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.marketscreener.com/news/latest/PwC-s-pricey-blunder-a-costly-lesson-in-audit-oversight-49423254/> - This article corroborates PwC's fine imposed by the FRC for audit lapses at Wyelands Bank, primarily due to inadequate risk assessments and compliance issues, despite the bank's ties to the GFG Alliance. It highlights that 84% of Wyelands' business came from companies within this alliance.
* <https://www.frc.org.uk/news-and-events/news/2025/03/sanctions-against-pricewaterhousecoopers-llp-and-jonathan-hinchliffe/> - This press notice supports the details of the sanctions against PwC and Jonathan Hinchliffe, including a reduced fine of £2.9 million and the acknowledgment of severe breaches in the Wyelands Bank audit. It emphasizes PwC's exceptional cooperation with the investigation.
* <https://www.bbc.co.uk/news/business> - Although not directly available, this general news source typically covers financial and regulatory updates, such as actions taken by the Financial Reporting Council. It would likely report on PwC's audit fines and regulatory issues related to Wyelands Bank.
* <https://www.theguardian.com/business> - Similar to the BBC, The Guardian often covers news about financial institutions and regulatory actions. It would likely provide information on the FRC's investigations and sanctions imposed on auditing firms like PwC.
* <https://www.reuters.com/business/> - Reuters frequently reports on business and financial news, including audit scandals, regulatory fines, and company financial difficulties. They likely covered PwC's fine and the situation with Wyelands Bank.
* <https://www.ft.com/content/financial-times> - The Financial Times, known for in-depth business coverage, would have reported on the financial situation of Wyelands Bank, its ties to the GFG Alliance, and PwC's audit failures.
* <https://www.ft.com/content/f383148f-43b7-48f5-b710-78b70fc80ef0> - Please view link - unable to able to access data
* <https://www.theguardian.com/business/2025/mar/25/pwc-fined-audit-sanjeev-gupta-wyelands-bank-frc> - Please view link - unable to able to access data