# Significant doubt cast on Bank of London’s survival amid regulatory probe and leadership exodus



The Bank of London, a new entrant in the UK financial sector, faces precarious circumstances as it grapples with regulatory scrutiny and significant leadership turnover. Audit reports indicate that the fledgling clearing bank is under investigation by the Prudential Regulation Authority (PRA), raising severe questions about its operational viability. Opinions from auditors suggest that the implications of this inquiry could create “significant doubt” regarding the bank's ability to continue functioning.

The challenges for the Bank of London have compounded recently with the departure of several key figures, including Lord Mandelson and US private equity executive Harvey Schwartz. The institution, which has already seen its workforce halved, reported a substantial loss of £12 million for the year 2023. Such financial instability is a stark indication of the bank's struggles, especially considering the growing burden of its operational costs and the necessity for solid fiscal foundations in a turbulent economic landscape.

Furthermore, its accounts—submitted to Companies House a staggering seven months late—underscore broader concerns about governance and operational efficacy. The bank has confirmed to regulators that the investigation relates to "certain historical matters" predating its acquisition by the Jersey-based Fellesskap Group & Holdings in May 2024. Such historical issues may be pivotal in understanding the circumstances leading to its current plight.

Adding to the Bank of London’s woes is a High Court claim for £1.5 million from SmartTrade Technologies, asserting that the bank has failed to remit payments for software licensing. The bank faced a winding-up petition from HMRC over unpaid debts, though that petition was later retracted. These legal troubles reflect not just internal financial mismanagement but also the reputational damage that comes from such disputes, particularly in a market as competitive and reputation-sensitive as banking.

The bank's precarious situation has led it to assure stakeholders of its commitment to addressing these challenges through cooperation with the investigators and an internal audit to understand the issues at hand. However, despite these attempts, there remains considerable concern about its financial sustainability. Auditors from EY have expressed reservations, notably about the “inadequate historical records” associated with employee share options. They have flagged that these uncertainties could jeopardise the organisation’s future, especially in securing the necessary funding moving forward.

Launched in 2021, the Bank of London aimed to disrupt the traditional banking model dominated by the so-called "big four": NatWest, Lloyds, Barclays, and HSBC. Positioned as only the second clearing bank to enter the UK market in 250 years, it sought to modernise financial services while providing essential clearing and settlement services for business clientele. The innovative ambition of the bank,, however, must contend with the stark realities of financial instability and regulatory obstacles.

At its height, the Bank of London was valued at $1.1 billion (£826 million) in 2023, bolstered by a strategy that revealed strong ties to the Labour Party through its founding leadership. But as it now faces a slew of challenges—from legal disputes to potential breaches of regulatory compliance—questions linger about its capacity for recovery and growth in a challenging environment. A once-promising future now hangs in a delicate balance, underscoring the volatility that characterises this sector.

In the wake of such turmoil, the future of the Bank of London appears uncertain. As it navigates through investigations, legal claims, and the daunting task of rebuilding its leadership, stakeholders will be watching closely to see if the bank can realign its ambitions with financial realities, and prove that it can indeed contend with the established giants of the banking world.

**Reference Map:**- Paragraph 1: [[1]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating), [[2]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating)- Paragraph 2: [[1]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating), [[2]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating)- Paragraph 3: [[1]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating), [[4]](https://www.finextra.com/newsarticle/45384/the-bank-of-london-fails-to-file-accounts)- Paragraph 4: [[3]](https://www.telegraph.co.uk/business/2024/09/20/bank-of-london-sued-15m-allegedly-unpaid-fees/), [[5]](https://www.telegraph.co.uk/business/2024/09/20/bank-of-london-sued-15m-allegedly-unpaid-fees/)- Paragraph 5: [[1]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating), [[2]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating)- Paragraph 6: [[1]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating), [[5]](https://www.telegraph.co.uk/business/2024/09/20/bank-of-london-sued-15m-allegedly-unpaid-fees/)- Paragraph 7: [[1]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating), [[6]](https://www.theguardian.com/business/2024/mar/04/dozens-of-major-compliance-breaches-at-bank-of-england-nao-reports)- Paragraph 8: [[1]](https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating), [[4]](https://www.finextra.com/newsarticle/45384/the-bank-of-london-fails-to-file-accounts)

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## Bibliography

1. <https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating> - Please view link - unable to able to access data
2. <https://www.theguardian.com/business/2025/may/14/significant-doubt-revealed-over-bank-of-london-ability-keep-operating> - The Bank of London, a fledgling clearing bank, is under investigation by UK regulators, with auditors expressing concerns about its ability to continue operating. The bank has faced significant challenges, including the departure of key figures like Lord Mandelson and Harvey Schwartz, a halved workforce, and a £12 million loss for 2023. The Prudential Regulation Authority is investigating potential breaches that occurred before the change in ownership in May 2024. The bank is cooperating with the investigation and has initiated its own internal review.
3. <https://www.telegraph.co.uk/business/2024/09/20/bank-of-london-sued-15m-allegedly-unpaid-fees/> - The Bank of London is facing a £1.5 million High Court claim from SmartTrade Technologies over allegedly unpaid supplier fees. The software firm claims the bank owes hundreds of thousands of pounds for licensing a foreign exchange product, with payments due from June 2023 not received. This lawsuit follows a winding-up petition filed by HMRC over unpaid debts, which was later withdrawn. The bank has secured £42 million in fresh capital and is expanding in the UK market.
4. <https://www.finextra.com/newsarticle/45384/the-bank-of-london-fails-to-file-accounts> - The Bank of London has failed to file its 2023 accounts on time, missing the 31 December 2024 deadline. The bank stated that the accounts are being worked on urgently with auditors EY and will be filed with Companies House in due course. This delay follows a winding-up order from UK tax authorities over unpaid bills and the resignation of founder Anthony Watson as CEO. The bank has since secured £60 million in fresh capital and undergone a change in ownership structure.
5. <https://www.telegraph.co.uk/business/2024/09/20/bank-of-london-sued-15m-allegedly-unpaid-fees/> - The Bank of London is facing a £1.5 million High Court claim from SmartTrade Technologies over allegedly unpaid supplier fees. The software firm claims the bank owes hundreds of thousands of pounds for licensing a foreign exchange product, with payments due from June 2023 not received. This lawsuit follows a winding-up petition filed by HMRC over unpaid debts, which was later withdrawn. The bank has secured £42 million in fresh capital and is expanding in the UK market.
6. <https://www.theguardian.com/business/2024/mar/04/dozens-of-major-compliance-breaches-at-bank-of-england-nao-reports> - The National Audit Office (NAO) has uncovered dozens of 'major' compliance breaches at the Bank of England, despite progress in addressing previous shortcomings. The breaches include 28 major incidents, such as failing to disclose conflicts of interest, and 628 minor breaches over the 12 months to August 2023. The NAO acknowledged the Bank's progress but noted that the number of breaches exceeded acceptable levels. A 2023 staff survey found that only 59% of staff felt free to speak up without fear of negative consequences.
7. <https://www.telegraph.co.uk/business/2024/05/10/ftse-100-markets-latest-news-uk-exit-recession-gdp-ons/> - The Bank of England has admitted to making 'persistent and systematic' errors in its economic forecasts, leading to a significant fall in public confidence. A report by the Lords economic affairs committee criticized the Bank for relying on inadequate forecasting models and lacking intellectual diversity at senior levels. The committee highlighted incorrect forecasts made in 2021 for inflation to cool and warned that these mistakes had fueled a dramatic decline in public trust.