# British AI startup Builder.ai collapses amid allegations of revenue fraud and fake tech claims



Once viewed as a luminary in the artificial intelligence sector, British startup Builder.ai has filed for bankruptcy, signalling a startling collapse for a company that was previously valued at $1.5 billion. Backed by prominent stakeholders including Microsoft and the Qatar Investment Authority (QIA), Builder.ai is now under scrutiny from both UK and US authorities, following allegations of inflated revenue claims and misleading assertions regarding its technological capabilities.

The company's troubles began when creditor Viola Credit, which had extended a $50 million loan to Builder.ai in 2023, seized $37 million from its accounts after a breach of loan terms. This seizure left Builder.ai with only $5 million in cash, which is currently inaccessible due to currency transfer restrictions in India, according to CEO Manpreet Ratia. In the wake of these financial difficulties, a significant reduction in workforce has occurred, with Ratia confirming that most employees have been laid off.

Builder.ai had previously touted itself as a revolutionary force in software development, claiming to deploy AI in the creation of customised applications within a matter of "days or weeks." It attracted substantial investment, completing a $250 million Series D funding round in 2022 led by the QIA and a follow-up investment from Microsoft in 2023. Yet, internal documents and accounts from whistleblowers have since revealed a starkly different operational reality. The firm reportedly relied on over 700 engineers from VerSe Innovation, an Indian technology firm, to build custom applications based on pre-existing templates. This reality was at odds with the company's marketing narrative, which insisted the development processes were predominantly AI-driven.

Further complicating matters are serious allegations of "round-tripping" between Builder.ai and VerSe, where both entities allegedly exchanged inflated invoices, creating the false impression of robust commercial activity. It is believed that Builder.ai presented around $60 million in fabricated revenue figures to investors, while simultaneously making reciprocal payments to VerSe and its subsidiary, Quark Media Tech, purportedly for marketing services. VerSe co-founder Umang Bedi has categorically dismissed these allegations as "absolutely baseless and false," maintaining that his company has never engaged in inflating revenues.

The situation has grown more serious as Builder.ai recently acknowledged the need to revise its 2024 revenue projections downwards by 300% and initiated a comprehensive audit of its financial affairs. Following scrutiny from press inquiries, this admission only came weeks after the concerns raised by former employees gained traction. Long-standing skepticism about Builder.ai's AI capabilities further compounds the situation. Reports dating back to 2019 from the Wall Street Journal questioned the legitimacy of the company’s technological claims, with former staff describing its model as predominantly reliant on human engineers rather than true artificial intelligence.

As Builder.ai's saga unfolds, it prompts broader reflections on the level of due diligence being exercised amidst a surge of investment into the AI sector. The fallout from this high-profile case poses questions about accountability for venture-backed technology companies that promise revolutionary innovations but may deliver far less.

In addition to these financial challenges, the company grapples with leadership issues stemming from Founder Sachin Dev Duggal's past. While Duggal has stepped down as CEO, he continues to hold a board position, which has drawn attention due to his involvement in legal controversies, including an Indian investigation regarding money laundering allegations, of which he claims to be merely a witness. Meanwhile, the potential implications of these cases on Builder.ai's leadership and future prospects remain uncertain.

Amid all this, the newly appointed CEO Ratia remains cautiously optimistic about restructuring efforts, stating the company is focused on improving operations and financial governance. This includes enlisting third-party auditors and seeking to establish a stronger financial oversight in light of concerns regarding past accounting practices.

The unfolding events at Builder.ai illustrate a cautionary tale that serves as a stark warning about the intersections of technology, finance, and investor expectations in the ever-evolving landscape of artificial intelligence.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://slguardian.org/ai-startup-collapses-amid-allegations-of-revenue-fraud-and-fake-tech-claims/), [[4]](https://www.ft.com/content/7ff3c5fc-e390-4ca8-9c7d-11fd56ab7f6f)
* Paragraph 2 – [[1]](https://slguardian.org/ai-startup-collapses-amid-allegations-of-revenue-fraud-and-fake-tech-claims/), [[2]](https://www.ft.com/content/9fdb4e2b-93ea-436d-92e5-fa76ee786caa), [[5]](https://www.ft.com/content/26c98590-e8f9-4cd9-83d6-db0d25ad215c)
* Paragraph 3 – [[3]](https://www.ft.com/content/f7b5c14f-bdb0-4ce2-8353-44710ac4536d), [[6]](https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/)
* Paragraph 4 – [[1]](https://slguardian.org/ai-startup-collapses-amid-allegations-of-revenue-fraud-and-fake-tech-claims/), [[2]](https://www.ft.com/content/9fdb4e2b-93ea-436d-92e5-fa76ee786caa), [[4]](https://www.ft.com/content/7ff3c5fc-e390-4ca8-9c7d-11fd56ab7f6f), [[7]](https://www.ctol.digital/news/builderai-cuts-2024-revenue-forecast-launches-audit/)
* Paragraph 5 – [[1]](https://slguardian.org/ai-startup-collapses-amid-allegations-of-revenue-fraud-and-fake-tech-claims/), [[5]](https://www.ft.com/content/26c98590-e8f9-4cd9-83d6-db0d25ad215c), [[6]](https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/)
* Paragraph 6 – [[2]](https://www.ft.com/content/9fdb4e2b-93ea-436d-92e5-fa76ee786caa), [[4]](https://www.ft.com/content/7ff3c5fc-e390-4ca8-9c7d-11fd56ab7f6f)
* Paragraph 7 – [[3]](https://www.ft.com/content/f7b5c14f-bdb0-4ce2-8353-44710ac4536d), [[6]](https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/)
* Paragraph 8 – [[3]](https://www.ft.com/content/f7b5c14f-bdb0-4ce2-8353-44710ac4536d), [[4]](https://www.ft.com/content/7ff3c5fc-e390-4ca8-9c7d-11fd56ab7f6f)

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## Bibliography

1. <https://slguardian.org/ai-startup-collapses-amid-allegations-of-revenue-fraud-and-fake-tech-claims/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/9fdb4e2b-93ea-436d-92e5-fa76ee786caa> - Builder.ai, a UK-based tech startup backed by Microsoft and Qatar's sovereign wealth fund, has entered insolvency proceedings following financial mismanagement and leadership issues. The company, which once claimed it could simplify app and website development through AI, informed employees of the bankruptcy filing during a company-wide call. The main unit, Engineer.ai Corporation, will appoint an administrator. Problems surfaced when revenues were restated and financial issues linked to previous leadership emerged. Founder Sachin Dev Duggal had stepped down as CEO but retained a board role. His past was marred by legal controversies, including an Indian investigation where he claimed to be merely a witness.
3. <https://www.ft.com/content/f7b5c14f-bdb0-4ce2-8353-44710ac4536d> - Builder.ai, a Microsoft-backed app-creating tech start-up, has revealed it had to restate its 2023 revenues to $140 million due to issues with resellers in the Middle East not meeting their promises. The company also lowered its forecasted revenue for the second half of 2024 by 25%. New CEO Manpreet Ratia acknowledged past problems under the leadership of founder Sachin Dev Duggal, who stepped down but retains a role on the board. Ratia appointed BDO for the company's first group-level audit for 2023-2027, following scrutiny over previously unverified accounts. Despite reducing its global workforce by 270 people, Ratia remains optimistic about the company's future, focusing on restructuring and enhancing successful ventures.
4. <https://www.ft.com/content/7ff3c5fc-e390-4ca8-9c7d-11fd56ab7f6f> - Sachin Dev Duggal and Saurabh Dhoot, entrepreneurs behind the UK-based tech start-up Builder.ai, are implicated in Indian criminal investigations. Duggal is a suspect in a money laundering case linked to Videocon, an Indian company, and denies any wrongdoing, claiming procedural irregularities. Dhoot is accused of loan fraud in a conspiracy involving Videocon and ICICI Bank. While Dhoot resigned from Builder.ai in 2022 and the allegations do not pertain directly to Builder.ai, they potentially impact the start-up's leadership. Despite these controversies, Builder.ai received $250mn in funding in 2023, with backing from significant investors, and remains supportive of Duggal.
5. <https://www.ft.com/content/26c98590-e8f9-4cd9-83d6-db0d25ad215c> - Builder.ai, a prominent UK technology start-up backed by Microsoft, faces scrutiny over its accounting practices. Notably, it has used auditors with prior links to its founder, Sachin Dev Duggal, raising concerns about potential conflicts of interest. Duggal recently stepped down as CEO but remains on the board. Builder.ai, which specializes in AI-driven app development, has secured about $450mn from investors such as Microsoft and SoftBank. Questions arise from the frequent auditor changes in its subsidiaries and the employment of small audit firms, with connections to previously dubious entities, raising doubts about the robustness of its financial governance. Despite this, the company claims to have adhered to due diligence and stated an ongoing search for a new CFO and improved financial governance structures, including engagement with major audit firms.
6. <https://www.pymnts.com/business/2025/builder-ai-announces-third-party-audit-after-allegations-of-inflated-sales-figures/> - Builder.ai, a London-based artificial intelligence startup backed by Microsoft Corp and the Qatar Investment Authority, has revised its sales figures downward and initiated an audit of its accounts from the past two years. This move follows concerns raised by former employees that the company had inflated its sales figures. The company, which has secured over $450 million in funding, reduced its revenue forecasts for the second half of 2024 by approximately 25%. This adjustment was made after certain sales channels failed to materialize, according to the newly appointed CEO, Manpreet Ratia. The company confirmed this adjustment in response to inquiries from Bloomberg News regarding the sales correction.
7. <https://www.ctol.digital/news/builderai-cuts-2024-revenue-forecast-launches-audit/> - In early 2025, Builder.ai—known for its AI-powered no-code software development platform—slashed its second-half 2024 revenue estimates by roughly 25%. The company attributed the revision to 'underperformance in certain sales channels.' This wasn’t just a routine correction. A 25% shortfall raised serious red flags for investors. The company quickly brought in third-party auditors to review financials from the past two years. The timing of this correction was particularly inconvenient, coming just months after a December 2024 data breach that exposed both client and internal records. The reputational damage was already simmering—this revenue misstep turned up the heat.