

Rt Hon Mel Stride MP  
Chair  
Treasury Select Committee  
House of Commons  
SW1A 0AA

13 December 2021

Our ref: C211110B

Dear Mel,

**Re: Prosecution of NatWest Bank for failures to comply with the Money Laundering Regulations 2007 (the Money Laundering Regulations)**

I refer to my letter dated 22 October 2021 in which I promised to provide more details to you and the Committee following the scheduled sentencing hearing which took place today, 13 December 2021. As you will have seen, Mrs Justice Cockerill imposed a fine of £264,772,619.95 after discounting for the guilty plea by NatWest and, in doing so, stated "it must be borne in mind that although in no way complicit in the money laundering which took place, the Bank was functionally vital. Without the Bank – and without the Bank's failures – the money could not be effectively laundered."

The FCA investigation into NatWest's compliance with the Money Laundering Regulations commenced in July 2017. NatWest had notified the FCA's financial crime and supervision team in late 2016 that West Yorkshire Police had begun an investigation into Fowler Oldfield, a commercial customer of the bank, for suspected money laundering. The FCA informed the West Yorkshire Police and National Crime Agency (NCA) of its decision to investigate and kept them regularly informed of the progress.

The FCA investigation required an extensive analysis of NatWest's anti money-laundering systems and controls over the duration of the bank's relationship with Fowler Oldfield, a period of nearly 6 years. It was complex and challenging, given the lengthy period of time involved and the issues raised. I attach a copy of the Agreed Statement of Facts which was provided to the court for the purposes of the bank's sentencing hearing.

As the FCA told the court, Fowler Oldfield deposited a total of approximately £365m with NatWest, of which around £264m was in cash. At the height of the activity up to £1.8m in cash per day was being deposited into Fowler Oldfield accounts with NatWest. Although Fowler Oldfield operated from Bradford, the cash was deposited into NatWest facilities all over England, including through cash centres in Basingstoke (Hampshire), Manchester, Tamworth (Staffordshire), Washington (Tyne and Wear) and Maidstone (Kent).

During the course of the investigation the FCA offered NatWest a voluntary interview 'under caution'. The bank refused the FCA's initial invitation to provide an account under caution in early 2019 and then again in June 2019. NatWest ultimately provided a written statement in response to the FCA's questions in August 2020 in which it denied breaches of the Money Laundering Regulations.

The FCA issued criminal charges against NatWest on 16 March 2021. Shortly afterwards and prior to the first scheduled court appearance, the FCA provided the bank with extensive disclosure of the prosecution case. NatWest then informed the FCA that it wished to engage with the FCA in plea negotiations in accordance with the Attorney General's Guidelines on Plea

Discussions in cases of serious or complex fraud. These negotiations were concluded on the 6 October and NatWest entered a plea of guilty to all charges on 7 October 2021.

The investigation was conducted by a full-time team of specialist investigators, lawyers, cyber forensic and disclosure experts overseen by the senior management of the FCA's Enforcement Division. Some key steps in the investigation included:

- compelled interviews with 85 witnesses both in the UK and internationally;
- 21 statements from bank employees, a further 7 statements from other parties plus 17 internal statements;
- instructing and obtaining an independent expert opinion on AML systems and controls for use in court;
- forensic review of over 300,000 documents;
- over 350 separate rounds of correspondence with NatWest;
- extensive liaison with multiple external parties, including a number of UK police forces, government departments, industry bodies, AML experts and overseas regulators (most notably West Yorkshire Police, the Financial Action Taskforce, Joint Money Laundering Steering Group, HMRC, HMT as well as Polish, Australian, Dubai and Danish regulators);
- over 30,000 worked hours by permanent staff (excluding time by contractors and other service providers).

The bank had challenges recovering and producing material from its digital records in response to some of the 15 information requirements it received from the FCA. The FCA is not criticising the bank in this respect. The logistical and technical challenges around the extraction of digital evidence and the delays that can arise in resolving these challenges are common ones in the investigation of white collar and regulatory misconduct.

The FCA considers the investigation was conducted with appropriate diligence and expediency. The case was prepared on the basis that any criminal charges would be contested at trial and therefore the evidence would have to support a case that met the higher criminal standard of proof beyond reasonable doubt. The case is also the first time the FCA has prosecuted a bank for criminal offences and the first criminal prosecution by the FCA under the Money Laundering Regulations.

The FCA's decision to pursue a criminal prosecution rather than a civil or regulatory outcome in this case was made in light of all the evidence, including NatWest's August 2020 statement in response to the FCA's cautioned interview questions. The decision was made applying both the evidential and public interest tests in the Code for Crown Prosecutors. In this case, the evidence demonstrated particularly egregious failures and there were compelling public interest factors, including the public interest in banks complying with obligations under the Money Laundering Regulations.

The issue of individuals is a challenging one under the Money Laundering Regulations. The offences in this case are ones that impose obligations on firms. An individual can be charged as an ancillary to an offence by a firm if the individual is an 'officer' of the company. In addition, the prosecution would need to demonstrate the officer had requisite knowledge of the failures or was personally negligent in bringing them about. The role of individuals was carefully considered throughout the investigation. However, there was insufficient evidence to establish individual liability given the distribution and allocation of system knowledge and responsibilities for AML functions to support a case against any officer. As well, most of the conduct in issue in the case predated the commencement of the Senior Managers & Certification Regime (which applied to NatWest from 7 March 2016). Accordingly, the FCA is not prosecuting any individuals in this case unless further evidence comes to light that would justify doing so.

The related investigation by West Yorkshire Police has resulted in 11 individuals pleading guilty to money laundering charges. A further 13 individuals, including the directors of Fowler Oldfield, are awaiting trial scheduled for next year.

The bank's decision to plead guilty at the first opportunity to do so has resulted in significant time and cost savings for both the FCA and the criminal justice system and is as a direct result of the thoroughness of our investigation.

As the committee is aware, AML enforcement has been a strategic priority for the FCA for many years and this remains the position in the future. We are working with partner agencies, including the National Economic Crime Centre, of which we are a member. We have a number of further cases in which misconduct under the Money Laundering Regulations and other AML related breaches, some of which are in a very advanced stage. We will continue to take all appropriate action where we see serious misconduct as well as encourage all firms to strengthen their controls to inhibit money laundering and related predicate offending. In recent years, the FCA has brought enforcement proceedings against a number of major financial institutions, levying penalties of more than £500 million (excluding the fine imposed on NatWest in this matter). In each case, the decision whether to proceed by way of regulatory enforcement or criminal prosecution is taken having regard to all the circumstances. These include the severity of the conduct, the speed with which the institution self-identifies mistakes and rectifies its procedures and whether the evidence will support the higher standard required in a criminal case.

I trust this answers the questions you have asked. The FCA is happy to answer any further questions you or the Committee may have, with the proviso there may be difficulties with commenting on some issues given the ongoing criminal proceedings arising from the West Yorkshire Police investigations.

Yours sincerely,



**Nikhil Rathi**  
**Chief Executive**

Att: [Statement of Agreed Facts](#)