

Auditor EY hit by £2bn negligence claim over NMC Health collapse

The UK arm of EY, the big four accountancy firm, is facing a \$2.5bn (£2bn) legal claim from administrators to NMC Health, a former FTSE-100 healthcare group.

Sky News has learnt that a lawsuit against EY was filed in London this week alleging negligence during its work on NMC's accounts spanning a seven-year period.

City sources said on Friday that the claim would seek at least \$2.5bn in damages, with that figure potentially rising to close to \$3bn.

At either end of that spectrum, a successful claim would rank among the largest damages payouts involving the auditor of a major listed company, and underlines the extent of allegations that NMC Health was engaged in a long-running financial deception.

By comparison, a claim from the Official Receiver against KPMG in relation to its auditing of Carillion, the construction company which collapsed in 2018, is seeking well over £1bn in damages.

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NMC Health, a hospital operator, collapsed in 2020 following the emergence of an apparent wide-ranging fraud which had kept billions of dollars of debt concealed from its balance sheet.

The claim from NMC's administrators at Alvarez & Marsal is said to allege that EY was negligent in its professional duties during the financial years 2012-2018 inclusive.

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By the end of that period, NMC Health was a member of London's blue-chip share index with a market capitalisation of several billion pounds.

The Financial Reporting Council is engaged in an investigation into MC's 2018 financial statements.

It is unclear when the watchdog's probe will be concluded.

A spokesman for EY UK said: "We are aware a claim has been

submitted to the court by the administrators of NMC Health Plc.

“We will defend the claim vigorously.”

Last month, NMC exited administration under a new corporate structure, enabling its largely UAE-based operations to continue to trade.

A spokesman for the administrators declined to comment.