

The complaint

Mr S has complained Kroo Bank Ltd won't refund him for card transactions which took place after Mr S froze his card use.

What happened

After losing his debit card, Mr S cancelled his card using his Kroo app. This was timed at 3:47pm on 30 October 2023.

Subsequently Mr S discovered he was being held liable for numerous travel transactions which Kroo believed had been authorised before Mr S had cancelled his card. Kroo accepted they'd given Mr S incorrect advice to contact the merchant and awarded him £25 compensation but wouldn't refund the money for the disputed transactions.

Mr S brought his complaint to the ombudsman service.

Our investigator reviewed the evidence. Kroo wasn't able to show that the disputed transactions had been authorised before Mr S cancelled his card. Therefore she asked Kroo to refund the disputed amount, along with 8% simple interest. She also asked them to give Mr S £50 for the inconvenience caused.

Kroo disagreed with this outcome. They've asked an ombudsman to consider this complaint.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr S's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

To help me come to a decision, I've reviewed the evidence Kroo provided as well as what Mr S has told us.

There's no dispute about the timing of Mr S's card cancellation. Kroo hasn't been able to show that travel transactions that were debited after that time had been authorised prior to Mr S's cancellation as they are required to under the PSRs.

Kroo argues that Mr S regularly used this merchant – however based where Mr S lives, it's most likely that any theft and subsequent use of Mr S's card would also be using the same merchant to carry out contactless transactions.

I appreciate these were offline transactions. However under the PSRs I'm satisfied Kroo has not been able to provide the required evidence to show authorisation by Mr S.

Putting things right

There's more than £100 worth of disputed transactions. In fact according to Kroo's detailed final response these amount to £115.55. This amount will need to be refunded to Mr S, along with 8% simple interest from the date Mr S's account was debited.

This has inconvenienced Mr S. He's been pushed into an overdraft and was unable to use incoming funds in full. I agree that a further £50 should be paid to him (over and above any £25 Kroo agreed to pay Mr S in their final response).

My final decision

For the reasons given, my final decision is to instruct Kroo Bank Ltd to:

- Refund Mr S for the disputed transactions after he cancelled his card;
- Add 8% simple interest on those amounts from the date he was debited until the day of settlement; and
- Pay Mr S £50 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 July 2024.

Sandra Quinn
Ombudsman