

The complaint

Mr A has complained Kroo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

In 2023 Mr A was told by Kroo that they were closing his account. They also lodged a fraud-related marker on his record with CIFAS.

Mr A subsequently discovered his main bank account was closed down. He discovered Kroo had lodged a CIFAS marker and complained to them.

Mr A asked Kroo to remove the marker. Kroo didn't feel they'd done anything wrong and refused to remove the marker.

Mr A brought his complaint to the ombudsman service.

Our investigator reviewed the evidence and wouldn't ask Kroo to remove the marker.

Mr A disagreed with this outcome. He's asked an ombudsman to consider his 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.

It is clear what the requirements are prior to lodging a marker. Specifically:

“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted.

The evidence must be clear, relevant and rigorous.”

So Kroo must be able to provide clear evidence that an identified fraud was being committed and Mr A was involved.

There's also a requirement that Kroo should be giving the account holder an opportunity to explain what was going on.

I've seen the evidence provided by Kroo. This confirms they received a notification from a customer from another bank that they had sent money to Mr A's Kroo account but didn't get the goods they thought they were purchasing.

Mr A has told us he met someone who'd lost his wallet and loaned them £120. This explained why an individual had paid £125 into his account. He also mentioned that after Kroo had been in touch asking him to provide evidence that this money was his, he'd got

back in touch with this individual who told him he'd sort this out with his own bank.

I've considered all of this, but I don't believe Mr A. I don't understand why someone who was simply repaying a very kind loan, would put a completely different reason for the payment within the reference field. As Mr A will be able to see from his own statements, this seems to suggest this individual was paying him £125 for goods.

I'm also aware that after Kroo had made the decision to close his account, in line with their terms and conditions, they received another claim for money that had been paid into Mr A's Kroo account. This was for a much greater sum and a third party claimed they'd paid this money to Mr A as the result of an investment scam.

I note Kroo did contact Mr A to question his entitlement to the money as required.

The requirements around banks lodging markers at CIFAS include there being sufficient evidence that the customer was aware and involved in what was going on. In this case I think this most likely exists here from reviewing the payments made into Mr A's Kroo account.

On this basis I don't believe it would be fair and reasonable to ask Kroo to remove the CIFAS marker.

My final decision

For the reasons given, my final decision is not to uphold Mr A's complaint against Kroo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 November 2024.

Sandra Quinn
Ombudsman