

## **The complaint**

Mr O complains that Kroo Bank Ltd restricted his access to his bank account with it and then closed the account without notice. It then delayed returning funds in the account to him.

## **What happened**

In August 2023 Kroo Bank placed restrictions on Mr O's account. It asked him about a payment into the account, which had been disputed by the holder of the account from which the payment had been made. And, following a wider review of the account, Kroo Bank also asked Mr O about a number of other transactions. Mr O provided explanations and supporting evidence which he believed answered the bank's concerns.

Kroo Bank continued to review the account, which remained restricted. The restrictions meant that Mr O could not make payments from the account, and any payments made to it were returned to source.

Kroo Bank completed its review of Mr O's account in January 2024, when it said it would be closing it. It asked Mr O to provide details of the account to which the balance should be transferred. The funds have now been released to him.

Mr O complained about the restrictions placed on the account, its closure, and the delay in releasing funds to him.

One of our investigators considered what had happened and issued a preliminary assessment of Mr O's complaint. Whilst she thought the bank could have completed its review sooner than it had, and that there was some delay in releasing funds, she did not recommend that the complaint be upheld. Mr O did not accept the investigator's assessment and asked that an ombudsman review the case.

## **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 have reached the same overall conclusions as the investigator did, and for similar reasons.

Banks are generally entitled to review a customer's accounts and to ask about individual transactions, and in some cases they may be under a legal or regulatory obligation to do so. In this case, a disputed payment had been made to Mr O's account, so I can see why Kroo Bank asked him for more information about it. And it explained to him why it felt it needed information about some other payments as well. Its actions in seeking that information was, in my view, reasonable, and the account terms provided for it.

Banks can usually place restrictions on an account while a review is taking place, and the account terms in this case allowed for that. Again, I don't believe Kroo Bank acted unreasonably in restricting Mr O's use of the account.

And it is generally for banks to decide – as a matter of their own commercial discretion – whether to provide or to continue to provide banking services to any customer. As long as that discretion is not exercised in a way which is not legitimate, this service won't generally intervene. In my view it was not unreasonable of the bank to decide that it no longer wanted to have Mr O as a customer. And, whilst we would usually expect a bank to give at least 2 months' notice of an account closure, I think that immediate closure was reasonable in this case. I note that Mr O already had alternative accounts which he could use, so any inconvenience was kept to minimum.

I agree with the investigator that the review might have been completed sooner than it was, and that there was a short delay in transferring funds. But I don't believe those delays were significant, given the circumstances, or that they (as opposed to the fact of the account restrictions and subsequent closure) led to any material inconvenience for Mr O. The legitimate block and closure of the account were the primary source that inconvenience.

Finally, I note that Mr O has suggested that the bank discriminated against him. I have considered this, but I agree with the investigator that it appears that the bank took the same action in this case as it would have taken with any other account about which similar concerns had been raised.

### **My final decision**

For these reasons, my final decision is that I do not uphold Mr O's complaint.

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

Mike Ingram  
**Ombudsman**