

## **The complaint**

Miss M has complained Kroo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in her name.

## **What happened**

In 2023 Miss M was told by Kroo that they had restricted her use of her account. In January they then closed her account. A couple of months later, they also lodged a fraud-related marker on her record with CIFAS.

Miss M subsequently discovered this was causing her difficulties and asked Kroo to remove the CIFAS marker. Kroo didn't feel they'd done anything wrong and refused to remove the marker.

Miss M brought her complaint to the ombudsman service.

Our investigator reviewed the evidence. She felt that Kroo didn't have sufficient evidence to show Miss M was a willing participant in fraud and asked them to remove the marker. She also asked them to give her £100 in compensation.

Miss M accepted this outcome but no response was received from Kroo. Miss M's complaint has been referred to an ombudsman for decision.

## **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 Miss M 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, including the information they sent for my consideration in completing this decision. This confirms they received a notification from a customer of another bank that they had sent money to Miss M's Kroo account as the result of a scam.

Miss M has told us that she took up a job opportunity that she found on social media. This meant she'd be sent money and given instructions about where to send this to. Miss M has also shared screenshots about individual payments, and the rules she believed she was working to that this supposed employer had set. Miss M opened an account with Kroo as she didn't want to mix funds she was receiving with her own money.

I've considered all of this, and I don't believe Kroo has sufficient evidence, as required by the CIFAS rules, to show Miss M was complicit in the fraud. I appreciate she was receiving small amounts of payment, but the screenshots show she believed she was permitted to deduct small amounts from the money she sent on.

It seems obvious that what Miss M was involved in with a scam but overall, I believe she was a victim too, as well as those who sent money to her account. I appreciate Kroo takes a more sceptical approach but they'll know all too well how convincing some of those who perpetrate scams can be.

I note Kroo's attempts to contact Miss M to question her entitlement to the money was a little haphazard. I believe that if they had been successful in speaking to Miss M, she'd have shared what she has with our service.

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 don't think this exists here from reviewing the evidence.

### **Putting things right**

On this basis I believe it would be fair and reasonable to ask Kroo to remove the CIFAS marker.

There's no doubt that having bank accounts closed and limiting her access to money would have caused Miss M some distress. I believe, like our investigator, that £100 is fair and reasonable.

### **My final decision**

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

- Remove the CIFAS marker in Miss M's name; and
- Pay her £100 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 26 November 2024.

Sandra Quinn  
**Ombudsman**