

## The complaint

Mr G complains that Kroo Bank Ltd did not reimburse the funds he lost to a scam.

## What happened

Mr G met a woman on social media on 7 June 2023, and they began talking. They built up a relationship and spoke about meeting each other. They talked regularly about their lives and at some point, they began speaking about cryptocurrency. Mr G had already been investing in cryptocurrency for some time prior to meeting the woman who I refer to as 'X'. X introduced Mr G to a 'maker-lending' platform, in which he could provide liquidity to a pool and earn rewards three times a day for doing so. Unfortunately, this turned out to be a scam. To help fund the investment, he took out two loans that credited into his Kroo account, before he sent payments out to another account in his name which he held with a third party that I will refer to as 'R'. The payments were as follows:

Date	Amount
15/06/2023	£1,600
20/06/2023	£15,000
28/06/2023	£19,000
29/06/2023	£1,700

After crediting the account with R, Mr G sent funds on to cryptocurrency merchants and then to the scam. Shortly after the final payments, Mr G accidentally pressed a button on the maker-lending platform that entered him into a rewards programme. This meant he had to deposit a further 50,000 USDT in order to withdraw the 50,000 USDT he thought he had made. It was at this point he thought he may have been the victim of a scam. He reported the incident to R and Action Fraud and asked them to look into it for him.

Around a year after the scam occurred, Mr G raised a complaint with Kroo via a representative. Kroo issued a final response letter on 21 June 2024, which explained they had held the credits into the account for both loans for further checks and Mr G was able to evidence they were both loans in his name. As the funds were then going to another account in Mr G's name and the payments did not flag as unusual, they did not think they had made an error and did not agree to reimburse him.

The complaint was referred to our service. Our Investigator looked into it and felt that the payments were not so suspicious or unusual that they warranted an intervention. And they felt that even if an intervention had occurred, it would not have revealed the scam and prevented further payments from being made, as Mr G was deep under the spell of the scammer.

Mr G's representative disagreed with the findings. They felt the payments were out of character and should have flagged as suspicious. And they felt that if Kroo had exercised their duty to intervene, a direct warning from them would have been impactful enough to have broken the spell of the scam.

As an informal agreement could not be reached, the complaint has been passed to me for a

final 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr G authorised the payments in question. While I recognise that he didn't intend the money to end up with scammers, the starting position in law is that Kroo was obliged to follow Mr G's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Kroo did enough to try to keep Mr G's account safe.

I've looked over Mr G's statements, and I can see he had held the Kroo account for a just over a month before the scam occurred. In that time prior to the scam, Mr G credited the account with £14,656 from his credit card account and then proceeded to send this to his account with R in smaller payments in order to fund cryptocurrency purchases that were unrelated to the scam. This initial credit was held by Kroo and Mr G was asked to prove where the funds came from. Mr G therefore already had an established history of using lines of credit to top up his Kroo account, and then send that on to his account with R.

As the transfers related to the scam were therefore going to an established account in Mr G's name, which he had sent funds to many times previously since the account opened and was the main beneficiary of transfers on the Kroo account, I think the risk level of the scam payments appeared to be relatively low. I appreciate that the £15,000 transfer was of a high value, so I've considered this in more detail. The payment into the account just before of £18,000 was held by Kroo and Mr G provided evidence that these funds were from a loan he had taken out in his name. It is not unusual for funds from a loan to go out of an account soon after crediting, and as the £15,000 was also going to an established account under Mr G's control, I don't think Kroo needed to carry out any additional checks at that time.

The loan into the account of £19,000 was also held for checks and Mr G was again able to evidence he had taken out a loan in his name. And again, the £19,000 payment out of the account following this was going out to an established account in Mr G's name he had sent funds to before. However, it could be argued that as this payment was going out just a week after the previous payment of £15,000, the large amount of funds now moving in and out of the account could be seen as unusual. So, it could be said that Kroo should have intervened on this payment out of the account to ask some questions about it.

I have looked over the communication that is available between Mr G and X, which spans from 11 June to 2 July 2023. In this, I can see that Mr G quickly builds a relationship with X, and they talk quite a significant amount each day. They talk about meeting each other one day and a romantic element to their relationship builds over time. I therefore think that by the time Mr G made the payment of £15,000 on 28 June 2023, he was deep under the spell of the scammer.

I think this is further highlighted when Mr G sent X a website link that suggested the investment he had made was part of a scam. He said that he wanted to video call with X to make sure it was real, and not a scam. The chat shows a video call occurred and following that point Mr G appeared to be initially satisfied X was real and they continued to speak sporadically for another day, and it was another day after that before he reported the scam to R and Action Fraud. In the report to Action Fraud, Mr G asks them to investigate and see if it is legitimate or a scam, so seemingly at that point he was still a little unsure as to whether he had been the victim of a scam.

All of this indicates to me that Mr G was deep under the spell of the scammer and even after he raised concerns directly with the scammer and raised a scam complaint with Action Fraud, he remained unclear if he had actually been the victim of a scam or not.

I also have to consider that Mr G had been investing in cryptocurrency himself prior to engaging with X and had been using his account with R already to convert funds and send payments to cryptocurrency merchants. It was Mr G that initially brought up cryptocurrency to X in the chat, and he gave her advice on ways to store her cryptocurrency. With this in mind, I don't think Mr G would have thought of X as an advisor or someone who was guiding him, and I think it is more likely he viewed her as a friend who he could share cryptocurrency tips with. And Mr G has said he carried out his own research in maker-lending before he went ahead and invested.

With all of this in mind, had Kroo carried out an intervention and asked him about what the funds were for, I think he would have been open and honest. If Kroo had asked how he came across the investment and if he was being guided, I think it is more likely he would have felt a friend had showed him it and he was investing on his own, and that he had looked into it and was happy with the investment. Mr G believed his funds were not at risk as he could withdraw his capital at any time, and some returns had already been made into his trust wallet. On balance, I think it is unlikely any questions or possible warning from Kroo would reasonably have uncovered the scam at that point. I therefore do not think Kroo missed an opportunity to meaningfully reveal the scam.

I appreciate Mr G has said he was vulnerable at the time of the scam, and I'm sorry he had found himself in difficult circumstances. I have to consider whether Kroo was aware of this vulnerability and if it should therefore have taken additional steps to accommodate him. However, I have seen no evidence to show Kroo were aware of any vulnerabilities, and I therefore don't think they have made an error by not making reasonable adjustments to assist him at that time. I also do not think that Kroo could have taken steps to recover the funds once they were made aware of the scam, as the funds had already gone to R and then been moved onto cryptocurrency merchants before going to the scammer.

### **My final decision**

I do not uphold Mr G's complaint against Kroo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 August 2025.

Rebecca Norris

**Ombudsman**