

The complaint

Mr M complains that Kroo Bank Ltd (Kroo) hasn't refunded transactions which he says he didn't authorise

What happened

Following my provisional decision, I've not been provided with any additional comments or evidence that would lead me to change my provisional decision. An extract of that provisional decision is set out below.

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr M says that he misplaced his phone for around 45 minutes on 14 March 2024. During this time, he says that somebody was able to bypass the security on his phone (fingerprint recognition) and transfer funds from his account, made up of numerous relatively small transactions.

Kroo has refunded some of the disputed transactions however hasn't refunded all the transactions being disputed. Within this decision I will be focusing on the transactions that weren't refunded.

Kroo isn't refunding the remaining transactions as they say they were completed by Google Pay which they believe to be a secure method of payment. They say the transactions were processed through a verified token in the customer's digital wallet and have been provided with no plausible reason as to how a third party would have been able to bypass that level of security.

The investigator concluded that Kroo hadn't done enough to show that Mr M authorised the transactions. As Kroo haven't responded to the view and subsequent mediation attempt, this complaint has been passed to me for a 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality. I'd like to assure both parties I've considered everything they have sent.

Having done so I'm minded to uphold this complaint.

Generally speaking, Kroo is required to refund any unauthorised payments made from Mr M's account, and Mr M should only be responsible for transactions made on his account that he has authorised. Those rules are set out in The Payment Services Regulations 2017. Mr M says he didn't authorise the transactions, so I have to decide whether or not I think Mr M authorised the transactions.

Kroo has provided technical evidence showing that a Google Pay token was used to complete the disputed transactions. When Google Pay is set up, a unique token is created (with a specific code). Kroo has confirmed that the Google Pay token used to complete the disputed transactions was set up on 5 February 2024, around six weeks before the disputed transactions occurred and that this token was linked to a mobile phone or tablet.

Kroo has also said that to set up this token two factor authentication would have been needed. However, I haven't been provided with the screenshots, or further details showing what specific steps Mr M would have taken to set up this token. The language code used to set up this token is also Mandarin, and the IP address used to set up the token appears to be in Hong Kong. The IP address relates to a location associated with the internet activity of a device or network and while it isn't foolproof it is something that I've taken into consideration as Mr M is based in the UK.

I've also been provided with the last four digits of the phone number associated with the token – and this doesn't match the contact details our service has for Mr M. And Kroo hasn't been able to show that it aligns with contact details they have for Mr M at the time the token was set up. I note that Kroo has submitted a call recording where they spoke to Mr M on 16 February 2024 where he informed them that he lost his phone in Madrid and wanted to update his number. This occurred approximately ten days after the token used to complete the disputed transactions was set up, so it's possible that the token was created using Mr M's previous number. However, even if this is the case, based on the information given I'm unable to see the security steps Mr M needed to complete to set up the token on his device. So on balance I'm unable to safely conclude that Mr M did set up the token. And that he has consented to the transactions completed using this token.

Kroo has also confirmed that the token was used for the first time for the transactions Mr M is disputing. The disputed amounts themselves are for relatively small amounts in quick succession, which suggest that the person making the transactions wasn't familiar with the account balance at the time.

Given all of this there isn't enough here for me to safely conclude on balance that Mr M authorised the transactions. I'm therefore recommending that Kroo refund him the remaining transactions in dispute.

My final decision

For the reasons I've explained, I uphold this complaint and direct Kroo Bank Ltd to:

- Pay Mr M £1,422.80 to refund the transactions
- Pay Mr M Interest on this amount calculated at 8% simple per year from the date of each transaction to the date of settlement (if Kroo Bank Ltd deducts tax from this interest, it should send Mr M the appropriate tax deduction certificate).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 July 2025.

Sureeni Weerasinghe
Ombudsman