

The complaint

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

What happened

In 2023 Mr O was told by Kroo that they had restricted his use of his account after they reviewed his account. In November they then closed his account. They also lodged a fraud-related marker on his record with CIFAS.

Mr O subsequently discovered this was causing him difficulties having an account and asked Kroo to remove the CIFAS marker. Kroo didn't feel they'd done anything wrong and refused to remove the marker.

Mr O brought his complaint to the ombudsman service.

Our investigator reviewed the evidence. She felt that Kroo hadn't done enough to contact Mr O, nor did they have sufficient evidence to show Mr O was a participant in fraud and asked them to remove the marker. She also asked them to give him £100 in compensation.

Mr O accepted this outcome, but Kroo disagreed. Mr O'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 Mr O 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 of another bank that they had sent money to Mr O's Kroo account as the result of a scam.

Mr O has told us, and provided evidence that we've shared with Kroo, that he used his Kroo

bank account for sales of crypto assets. He believed the transaction that was disputed was the result of a customer being unable to use the crypto wallet app properly. I've also seen evidence of Mr O's other bank account that he was using at that time. He generally sent payments received into his Kroo account onto this account.

I've considered all of this, and I don't believe Kroo has sufficient evidence, as required by the CIFAS rules, to show Mr O was complicit in any fraud. I appreciate he was receiving a number of payments which would have caused Kroo to want further evidence of his eligibility to these funds but I'm not convinced these were the proceeds of fraud.

I note Kroo's attempts to contact Mr O to question his entitlement to the money was done on 18 July. Mr O admits he received this but didn't respond as he was busy with schoolwork. Like our investigator, I believe that if they had been successful in speaking to Mr O, he'd have shared what he 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 his access to money would have caused Mr O 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 Mr O's name; and
- Pay him £100 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 8 January 2025.

Sandra Quinn
Ombudsman