

## **The complaint**

Mr S complains about multiple standing order and CHAPS payment issues on his account with Kroo Bank Ltd ('Kroo').

## **What happened**

In late 2023, Mr S complained about an unpaid standing order and problems making payments to another bank – these were resolved. Between December 2023 and August 2024, some standing orders on Mr S' account had left before the due date. He queried this with Kroo because the payments weren't affected by weekends or bank holidays, and they advised that it's industry practice that the payment date can fluctuate.

During this period, Mr S was also being sent a regular £3.64 CHAPS payment from his employer which was repeatedly rejected by Kroo. Kroo sent Mr S a notification about this upon rejection, but he didn't think this was clear enough to understand what the problem was. After months of contact about the issue, Kroo gave some further context about the rejection – that the remitters account details weren't included, but Mr S didn't think it was accurate.

Mr S complained to Kroo but they didn't think they've made an error as the standing order payment date can fluctuate and thought they were reasonable to reject the payment as they weren't satisfied that it originated from the UK. Unhappy with this, Mr S referred the complaint to our service. He felt that the standing order should have left the account on the specified date, and he'd obtained evidence to show that the CHAPS payments were made with the correct information.

Following this, a £110 standing order failed, and Mr S added this to his complaint with Kroo. He's had no response from them and has since closed his account. He's confirmed that he opened an account with a different bank and received the CHAPS payments without issue.

One of our Investigators reviewed the complaint and were unable to obtain any information from Kroo, so they based their findings on the information they had. They agreed that standing orders were sent on the incorrect dates, the standing order shouldn't have failed and that the CHAPS payments were made with the correct information. They recommended that Kroo pay £200 compensation to reflect the impact this had had on Mr S and that they ensure that standing orders are paid correctly going forward. He accepted the outcome, however Kroo didn't respond. As such, the complaint has been passed to me, in line with our process.

## **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.

I can see that the Investigator has asked Kroo to provide information on multiple occasions

but Kroo hasn't responded. As part of my review, I've also requested information from Kroo and they've failed to provide it. I'm satisfied that the requests have been received by Kroo and that it's been made clear to Kroo that I'll proceed to issue a decision based on the evidence we currently have if they fail to respond. The DISP rules give our service the power to do this in the interest of resolving complaints quickly.

Mr S has provided detailed testimony and evidence of his contact with Kroo from late 2023. I've seen nothing to suggest that what Mr S has provided isn't an accurate reflection of what happened. So, I'm satisfied that I can rely on this evidence and as Kroo hasn't provided evidence to support their actions, I'll be putting greater weight on what Mr S has said.

#### *Standing orders taken on incorrect dates*

Kroo has said that the payment date for a standing order can fluctuate due to the time it takes to reach a senders account, however, I've seen no evidence to support this. A standing order is a payment for a fixed amount due to be sent on a fixed date and based on what I've seen, that date would only change if it was due to leave on a weekend or bank holiday.

The standing orders that Mr S had issues with were due to be sent on weekdays, and without any persuasive evidence from Kroo to justify why the payment date had to change, I'm minded to agree with Mr S. So, I don't think it was reasonable for Kroo to allow the standing order payments to leave the account earlier than they were due to.

#### *The failed standing order*

I've received no evidence from Kroo about the failed standing order in July 2024, so I've been unable to see what was set up at the time and why things didn't go as expected. Mr S has said that standing orders were set up for £110 and £20, but only the £20 payment was completed.

Mr S has provided evidence that there were sufficient funds in the account to pay the £110 payment and I can see that he made a manual payment on the same day as he was monitoring the account. I haven't received anything to suggest that the standing order wasn't set up as Mr S had specified, so I can't see why the payment wasn't made by Kroo.

#### *The rejected CHAPS payments*

Mr S has included a copy of the SWIFT message for the CHAPS payments rejected by Kroo in his submission. I've examined this message against the SWIFT requirements, and I can see that the mandatory fields were completed and there were multiple references to the funds coming from 'CITIGB' and a UK customer.

In order to justify that the payment information didn't meet the requirements, I would at least need to know what Kroo expected to see in the SWIFT messages to satisfy their concerns of it originating outside of the UK. I would also need to know why the information included in the message wasn't enough to show where it originated from.

As I haven't received this, I'm convinced by Mr S' evidence that enough information was included in the messages to identify that it originated in the UK. So, I can't reasonably say that Kroo should have rejected the payments.

#### *The rejected payment notification*

Mr S complained to Kroo on multiple occasions about the clarity of the notifications for the rejected payments. Upon reviewing the correspondence, I can see that the reason stated for the first block was due to 'not receiving the remitter account information'. Over four months later, it was explained by Kroo that the rejections were because the account number and sort code weren't included, so they couldn't be satisfied that it was a UK based payment.

I agree with Mr S that the initial notifications didn't provide him with enough information to try and resolve the issue and Kroo should have provided a clearer explanation at an earlier stage. This would have saved Mr S time and effort in trying to resolve the problem with minimal information.

I can see in the conversation history that Mr S also raised an issue about the app notification system and that messages would disappear before they could be read in full. I can't see that Kroo has adequately responded to him to understand what the issue is. It isn't our role to suggest changes to IT systems and processes, but I do agree that Kroo should have done more to understand Mr S' concerns as they were reasonable.

Overall, based on the limited available information, I think Kroo hasn't acted reasonably on multiple occasions which has led to an impact on Mr S.

### **Putting things right**

The standing order and failed payment issues didn't lead to a financial loss for Mr S – as he was able to complete the payments using other means. However, they did lead to a lot of frustration and time spent disputing the issues with Kroo and following this up with his employer on multiple occasions. Mr S has also explained that this led to embarrassment as he had just started working with the organisation – which I don't disagree with.

While the rejected payments didn't lead to a financial loss, they did present a loss of use to Mr S as he should have received them sooner. As the payments were for small amounts, I think the loss of use can be recognised as part of the compensation.

Based on the above, I agree with the Investigator that £200 compensation is reasonable to reflect the impact of Kroo's errors and a fair way to resolve this complaint.

### **My final decision**

My final decision is that Kroo Bank Ltd should pay £200 to Mr S. If the account remains open, it should also ensure that future standing orders leave the account in line with the payment date if they're not impacted by bank holidays or weekends.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 May 2025.

Chris Lowe  
**Ombudsman**