

## **The complaint**

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

## **What happened**

In October 2023 Mr E opened an account with Kroo. In February 2024 he was told by Kroo that they had restricted his use of the account after they reviewed his account. They then took the decision to close his account. They also lodged a fraud-related marker on his record with CIFAS in April.

Mr E subsequently discovered this was causing him difficulties opening another 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 E brought his complaint to the ombudsman service.

Our investigator reviewed the evidence. She felt that Kroo didn't they have sufficient evidence to show Mr E was a participant in fraud and asked them to remove the marker. She also asked them to give him £150 in compensation for the trouble he'd had in being able to secure another account.

Mr E initially accepted this outcome, but no response was received from Kroo. Mr E then submitted various past decisions from the ombudsman service claiming his compensation should be increased to £650 as he'd been turned down for car finance and other bank accounts.

## **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 E was involved. This means that they must have more than a suspicion or a concern that Mr E may be 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 E's Kroo account as the result of a scam.

Mr E has told us, and provided evidence that he'd already shared with Kroo, that he sold some US dollars on a currency trading platform. He'd originally been concerned about holding his money in Nigerian Naira so had decided to hold this in sterling but in the meantime had purchased crypto in dollars to hedge against inflation and maintain his savings. In February 2024 he decided to sell the US dollars. I can see he did this from the screenshots shared with our service.

These show a conversation between Mr E and the person who was buying his dollars. I see nothing from this that would suggest Mr E was involved in any scam.

Kroo has stated their concerns that the money was then spent as soon as it hit Mr E's account. But this isn't actually the case. Mr E transferred £500 to another of his accounts, spent some for rental purposes and paid back a friend. A reasonable part of the £1,142 Mr E received remained in his Kroo 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 E was complicit in any fraud.

I note Kroo's attempts to contact Mr E to question his entitlement to the money.

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 E some distress. I believe, like our investigator, that £150 is fair and reasonable.

Mr E has asked us to increase this to £650. I've considered this but I don't believe the impact on him merits this. I appreciate he was turned down for car finance but I don't have any evidence that it was the CIFAS marker alone which caused this. I've considered the other decisions Mr E shared but need to stress that each decision depends on the individual circumstances of each case.

### **My final decision**

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

- Remove the CIFAS marker in Mr E's name; and
- Pay him £150 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 24 February 2025.

Sandra Quinn  
**Ombudsman**