

The complaint

Miss S complains that Kroo Bank Ltd won't refund the money she lost when she was the victim of a scam.

What happened

In September 2023, Miss S received a text message from someone who said they were from a recruitment agency and had a potential job for her. She replied and was told the job involved helping online merchants increase sales and that she would be paid commission for each set of tasks she completed.

Miss S was given access to a platform where she could see the tasks she could complete and the commission she had earned. And she was shown how to purchase cryptocurrency, which she would use to purchase some of the tasks, and how to send this on to the platform. She then made a number of payments from her Kroo account to purchase cryptocurrency, which she then sent on to wallet details she was given for the platform.

I've set out the payments Miss S made from her Kroo account below:

Date	Details	Amount
27 September 2023	To 1 st payee	£51
28 September 2023	To 2 nd payee	£55
29 September 2023	To 3 rd payee	£40
29 September 2023	To 4 th payee	£80
29 September 2023	To 4 th payee	£92
29 September 2023	To 4 th payee	£80
29 September 2023	To 5 th payee	£590
29 September 2023	To 6 th payee	£900
29 September 2023	To 7 th payee	£60
1 October 2023	To 6 th payee	£1,665
2 October 2023	To 6 th payee	£3,078

Unfortunately, we now know the job was a scam. The scam was uncovered after Miss S was told she had to pay increasingly large amounts of money before she could complete the tasks she had been given. When she said she couldn't pay anything further, the person she was speaking to stopped replying to her and she was unable to access the platform. Miss S then reported the payments she had made to Kroo as a scam.

Kroo investigated but said the scam was not apparent at the time Miss S made the payments, and it had done all it could to try to recover the money from the accounts it was sent to. So it didn't agree to refund the payments Miss S had made. Miss S wasn't satisfied with Kroo's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think Kroo should have been expected to prevent the scam, as they didn't think the payments Miss S made were significant enough to have flagged on its systems. So they didn't think Kroo should have to

refund the money Miss S had lost. Miss S disagreed with our investigator, so the complaint has been passed to me.

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.

Banks are expected to make payments in line with their customers' instructions. And Miss S accepts she made the payments here. So while I recognise she didn't intend for the money to ultimately go to scammers, she did authorise the payments. And so the starting position in law is that Kroo was obliged to follow her instructions and make the payments. So Miss S isn't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Kroo should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which account providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

And so I've also considered whether Kroo should have identified that Miss S was at heightened risk of financial harm from fraud as a result of any of these payments.

But the payments Miss S made here weren't for particularly large amounts, or for amounts where I'd expect Kroo to identify them as suspicious based on their size alone. The payments were also made to a number of different payees and fluctuated up and down in size – so I don't think they formed a particularly suspicious pattern I would have expected Kroo to identify.

Miss S's account with Kroo had also been opened around six months before the scam, but had been used very rarely since then. So there wasn't a significant amount of previous activity on the account for Kroo to compare these payments to when assessing whether they were unusual or out of character.

And so I wouldn't have expected Kroo to identify that Miss S was at heightened risk of financial harm from fraud as a result of any of these payments. And I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing them to go through, and just followed her instructions to make the payments.

I sympathise with the position Miss S has found herself in. She has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to her. But, for the reasons I've set out above, I don't think Kroo has acted unreasonably or that anything I

would reasonably have expected it to do would have prevented her loss. And so I don't think it would be fair to require it to refund the payments she made.

We also expect banks to take reasonable steps to try to recover any money their customers have lost, once they are made aware of the scam. But from what I've seen, the payments Miss S made here were all made to purchase cryptocurrency – which Miss S appears to have received and then sent on to wallet details she was given for the platform she was using. And so I don't think anything I would reasonably have expected Kroo to have done would have led to any of Miss S's money being recovered.

In its submission to our service, Kroo acknowledged that the level of customer service it provided to Miss S during her claim wasn't of the standard it would expect. It offered to pay £50 as compensation for this poor customer service. And, from what I've seen, I think this is fair and reasonable compensation for the distress and inconvenience this poor customer service caused to Miss S.

My final decision

For the reasons set out above, I uphold this complaint in part and require Kroo Bank Ltd to:

- Pay Miss S £50, if it has not already done so

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 14 March 2025.

Alan Millward
Ombudsman