

The complaint

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

What happened

Mr A opened an account with Kroo in February 2023 and used it regularly. His use in April to July increased substantially as he received and made payments to an increasing number of newly-set up individuals.

In July 2023 Mr A's account with Kroo was blocked. They queried a credit Mr A had received for £89.44. They were dissatisfied with the evidence Mr A provided which appeared to show a sale of cryptocurrency. After review Kroo closed Mr A's account and lodged a fraud-related marker on his record with CIFAS.

Mr A found he was having trouble with other bank accounts and discovered there'd been a CIFAS marker placed on his record. He asked Kroo to remove the marker. Kroo confirmed they didn't feel they'd done anything wrong and refused to remove the marker.

Mr A brought his complaint to the ombudsman service.

Our investigator reviewed the evidence. She noted Kroo had not been convinced by Mr A's evidence that the funds were his after they'd been made aware these were fraudulent funds. It was clear that Mr A had no right to this money. She wouldn't ask Kroo to remove the marker.

Mr A disagreed with this outcome. He's asked an ombudsman to consider his complaint.

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 A was involved. This means that they must have more than a suspicion or a concern that Mr A 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 another bank that one of their customers had been scammed into sending money to Mr A's Kroo account. They have also shared other fraud reports they received in July 2023 from other banks. These all indicated customers being scammed – in different ways – and ending up transferring money to Mr A. In all cases the money was removed from Mr A's Kroo account as soon as the funds were received.

I'm in no doubt that these credits didn't belong to Mr A. Different frauds appear to have been underway and it's too much of a coincidence that all had sent money to Mr A's account. However, I also need to be satisfied that Mr A knew what was going on when money that wasn't his was being paid into his account.

Mr A has told our service that he was trading in cryptocurrency and operating a crypto account in line with that business's terms and conditions. However, his evidence to show his entitlement to any of these funds doesn't include any contact with the third party at all.

I have also noted the bank statements Kroo provided to us. These show quite unusual account activity with a high number of transactions. Mr A sends money out to different named individuals as well as receiving funds in from a wide range of individuals. I don't doubt that it is feasible that in some cases Mr A was trading crypto on their behalf. But based on the volume of transactions, I'd have expected to see more evidence from him – particularly because of the high risk nature of such an activity – about who he was trading with and why. This hasn't been available.

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 think this most likely exists here from reviewing the payments made into Mr A's Kroo account.

On this basis, I don't believe it would be fair and reasonable to ask Kroo to remove the CIFAS marker.

My final decision

For the reasons given, my final decision is not to uphold Mr A's complaint against Kroo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 June 2025.

Sandra Quinn
Ombudsman