

## **The complaint**

Mr A complains Kroo Bank Ltd unfairly loaded him to a fraud database.

## **What happened**

Mr A received £200 from his cousin, and Kroo flagged this payment and asked Mr A to prove his entitlement to the money. Mr A sent Kroo messages he'd exchanged with his cousin, but Kroo didn't feel this was enough proof.

Kroo then told Mr A it was closing his account and loaded him to a fraud database. Mr A complained and Kroo responded to say it asked for more proof of entitlement than the messages Mr A sent in, but didn't get anything.

Kroo said it closed Mr A's account because it had been used for unlawful purposes. Kroo directed Mr A to the fraud database to dispute the loading.

Unhappy with this answer, Mr A brought his complaint to this service. An investigator picked up the complaint and asked Kroo for information, but didn't receive anything.

Since the investigator didn't have anything from Kroo to prove the payment was fraudulent, they thought the complaint should be upheld. The investigator said Kroo should remove the fraud database loading and pay Mr A £250.

Kroo responded to the assessment and said it was willing to reconsider the fraud database loading if Mr A had further evidence. But Kroo felt a compensation payment was unfair as Mr A had the opportunity to provide further evidence but didn't.

The investigator still didn't think they had enough information from Kroo to reach a fair outcome, so they asked it for more information. Kroo didn't respond, so a second assessment was sent.

The investigator didn't think Kroo had enough to say Mr A was aware the payment was fraudulent. The investigator again said Kroo should remove the fraud database loading and pay Mr A £250.

Mr A accepted this outcome.

Kroo didn't respond, so Mr A's complaint was passed to me to decide.

## **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.

For Kroo to fairly load Mr A to a fraud database it needs to show fraudulent money was paid

into his account and Mr A was aware, or should have been aware, this payment wasn't legitimate.

Kroo's sent this service an indemnity, from the sending bank, for the £200 payment Mr A received. It's unclear what the allegation of fraud was, but overall, I'm satisfied the money was reported to Kroo as fraudulent, but on its own this isn't enough.

The money appears to come from Mr A's cousin, the same name is on Kroo's statement and the messages Mr A's sent Kroo and this service.

I'm unsure whether this payment was raised as fraudulent on behalf of Mr A's cousin or whether this is second generation fraud, meaning Mr A's cousin received fraudulent money then passed it on to Mr A.

Mr A's also sent this service statements from another account showing payments to his cousin, with the same name, before and after the apparent fraudulent payment.

I think Mr A's sent Kroo, and this service, enough evidence to show he was expecting this payment, from his cousin, whose name is referenced in the payment. And I don't think Mr A had any reason to believe the money was fraudulent.

If this payment was reported as fraud by Mr A's cousin then it's likely this was a malicious fraud claim, so I don't think the fraud database loading is fair.

If this money was fraudulently paid into Mr A's cousin's account, then sent to Mr A, I can't see how Mr A can protect himself from this.

The money appeared to be owed to Mr A, I don't think it's fair to think Mr A knew, or should have known, the money was originally a fraudulent payment to his cousin. Again, I think it would be unfair for Kroo to load Mr A to a fraud database in these circumstances.

Kroo's said if Mr A retains fraudulent money, whatever his intention, it's not Kroo's responsibility to see if a crime's been committed, just to load to the fraud database.

But I don't think this is true, Kroo needs to decide if Mr A knew, or should have known, the payment he received wasn't legitimate before loading. And Kroo's not sent anything in to show Mr A knew, or should have known, the payment wasn't right.

In the circumstances, I don't think it's fair for Kroo to maintain the fraud database loading and I think it needs to remove it.

And I think Mr A sent in enough evidence when Kroo first asked for it.

I think the messages from Mr A's cousin should have been enough to prove entitlement, the name in the chat is the same name as the sender of the payment on Kroo's records.

I don't think Kroo should have loaded Mr A to the fraud database as somehow complicit in this fraud. But I think Kroo had some valid concerns about how Mr A was using his account, and made a decision to close it.

In the specific circumstances of Mr A's complaint, I don't think Kroo was wrong to close his account, and even though it didn't give any notice of the closure, I still think Kroo made a

reasonable decision to close Mr A's account.

Mr A's explained the impact the fraud marker's had on him, and he's shown this service a message from another bank looking to close an account because of this loading.

Since I don't believe Kroo should have loaded Mr A in the first place, and the loading's clearly having an impact on Mr A and his bank accounts, I think a compensation payment of £250 is fair in the circumstances.

### **My final decision**

My final decision is I uphold this complaint and Kroo Bank Ltd must remove any fraud database loadings it's applied against Mr A and pay Mr A £250 to compensate him for the impact of this loading.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 June 2025.

Chris Russ  
**Ombudsman**