

The complaint

Miss G complains that Kroo Bank Ltd blocked her account and failed to send the balance on the account to her.

What happened

In April 2024 Miss G's account was blocked by Kroo after she reported unauthorised transactions. She says this caused her difficulty as she didn't have access to her benefits and had to open a temporary bank account for which she was charged fees.

Kroo apologised for the problems caused, but said that the account was still under investigation. It agreed that there had been a delay and a failure to keep Miss G informed and it told us that it had intended to address compensation once the investigation into her account had concluded. I understand that the account has now been closed and that Kroo has asked Miss G for her new bank account details so that it can send her the balance.

On referral to the Financial Ombudsman Service, our Investigator said that Kroo should pay Miss G £200 compensation and refund the balance on her account. I understand that Kroo didn't disagree with this but it's not taken any action to pay Miss G.

The matter has been passed to me for an Ombudsman's consideration.

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.

When an account is investigated for possible fraudulent activity, it is reasonable for the account to be blocked. This is to protect the customer in case further attempts are made to remove money from the account. However the investigation of this took a long time and I also understand that the account has now been closed. It doesn't appear that Miss G was given any information about what was happening and instead had to chase up Kroo over the phone. Kroo hasn't explained either to Miss G or to this service why the investigation should have taken so long.

So I think it is fair that Kroo should pay Miss G £200 compensation, and pay her the balance from her now closed account. I won't require Kroo to pay the fees of Miss G opening a new bank account since she shouldn't have had to open a fee paying account. I understand that Miss G doesn't currently have a bank account and wants payment by cheque. This was put to Kroo who hasn't raised an objection. But if I require it to pay by cheque Miss G should understand that that is not as safe a method of payment as a direct bank transfer. So if she has managed to open a new bank account it would be safer for her to receive payment by such a transfer.

Putting things right

Kroo should pay Miss G £200 compensation and the balance from her account. If Mrs G

opts for it, it should pay this by cheque.

My final decision

I uphold the complaint and require Kroo Bank Ltd to provide the remedy set out under “Putting things right” above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss G to accept or reject my decision before 4 March 2025.

Ray Lawley
Ombudsman