

The complaint

Miss G has complained Kroo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in her name.

What happened

In 2023 Miss G opened an account with Kroo. She'd recently taken up an online job which involved receiving and sending money to an crypto-related app.

Kroo was notified by other banks' customers that they'd sent credits to Miss G's account as a result of being scammed. Kroo blocked the account and asked Miss G to explain why this money was hers. Dissatisfied with her response, the account was closed, and a fraud-related marker was lodged on Miss G's record with CIFAS.

Miss G subsequently discovered this was causing her difficulties having an account and realised what had happened. She asked Kroo to remove the CIFAS marker. Kroo didn't feel they'd done anything wrong and refused her request.

Miss G brought her complaint to the ombudsman service.

Our investigator reviewed the evidence. She felt that the evidence Miss G had now provided was sufficient to show Miss G hadn't known she was participating in fraud and asked them to remove the marker.

Miss G accepted this outcome, but Kroo never responded. Miss G's complaint has been referred to an ombudsman for decision.

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 Miss G was involved. This evidence must go beyond a suggestion of Miss G's involvement.

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 notifications from customers of other banks that they had sent money to Miss G's Kroo account as the result of being scammed.

Miss G has now provided our service with numerous screenshots showing her supposed employment. These have also been shared with Kroo. Miss G felt this was above board and did what she was asked, which involved receiving credits and passing those on to other accounts, as well as a crypto-related app.

This willingness to accept what she was being told more than likely showed poor judgement, but I'm satisfied that it does not show that Miss G knew she could be seen as committing fraud.

That said, I'm in no doubt Miss G's account was used fraudulently. The fraud reports confirm this.

What I need to be sure of, however, was that Miss G was aware of this fraud and involved. I've seen no evidence of this. Whilst she was undoubtedly naïve and trusting, I'm not convinced Miss G was involved in the fraud on her account. In fact from the fraud reports received by Kroo, it seems that those individuals may well have been involved in similar scams to Miss G. So I'm not sure why they'd be considered a victim when Miss G wasn't.

I note and accept that Miss G lied to Kroo when they approached her about the disputed credits. However, lying alone doesn't justify a CIFAS marker.

I don't believe Kroo now has sufficient evidence, as required by the CIFAS rules, to show Miss G was complicit in any fraud.

It's worth confirming that Kroo had sufficient reason for closing Miss G's account as she was clearly breaking the terms and conditions of her account.

Putting things right

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.

On this basis I 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 to instruct Kroo Bank Ltd to remove the CIFAS marker in Miss G's name.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 7 May 2025.

Sandra Quinn
Ombudsman