

The complaint

Mrs M complains that Kroo Bank Ltd (“Kroo”) won’t refund a payment made as part of a scam.

What happened

In March 2024, Mrs M unfortunately fell victim to an impersonation scam. She received a call purportedly from Amazon about suspicious activity on her account. Mrs M logged on to her Amazon app and saw that three iPhones had been added to her basket. Under the belief that the individual was assisting her in stopping the fraudulent activity and getting her money back, Mrs M followed the scammer’s instructions and downloaded the Kroo app. She also downloaded a remote access software. She states they told her she had to register with Kroo and download the app to get her money back.

Mrs M realised that she’d been scammed when her main bank “B” phoned her about a transfer from her account with it to a Kroo account which had flagged as suspicious. She was informed that one transfer of £798.99 had already been processed, and it was the second transfer which B had blocked. On checking the Kroo app, Mrs M discovered that all but £0.99 of the funds that were transferred in from B had already left the account.

Kroo reached out to the recipient’s account provider, but recovery was unsuccessful. Kroo declined to refund Mrs M’s loss and said the disputed payment was authorised by her. But it paid £100 compensation in recognition of customer service failures.

The matter was referred to our service and, when Kroo didn’t respond to our repeated request for its file, our investigator upheld Mrs M’s complaint on the basis that the bank hadn’t provided technical evidence to demonstrate that she had authorised the disputed payment. They reconsidered the complaint when Kroo ultimately provided its file, and issued a further view concluding that the payment was authorised by Mrs M. The investigator also thought that it wasn’t reasonable for the bank to have processed the transaction, and the compensation paid was fair.

Mrs M has asked for her complaint to be determined by an ombudsman.

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.

I’d like to start by thanking the parties for their patience while awaiting an ombudsman’s decision. Although I’ve only summarised the background, I want to reassure Mrs M and Kroo that I have read and considered everything in its entirety.

I understand that Mrs M hasn’t been able to recall whether the disputed payment from her Kroo account, which she opened as part of the scam, was made by her. She’s said she was in a bit of a flap when the incident occurred.

The relevant law here is the Payment Services Regulations 2017. The starting point is that Mrs M is responsible for a payment he authorised, and Kroo would generally be liable for an unauthorised payment. So, I'll first address the issue of whether I think it would be fair to treat this payment as authorised.

Where evidence is incomplete or contradictory, I need to make a finding on the balance of probabilities and conclude what I think is more likely than not to have happened in light of the available evidence.

Is it fair for Kroo to treat the payment as authorised?

The payment was made using the only device added to Mrs M's account and, from the information I've seen, that device belongs to her.

I've listened to B's intervention call which, as I've mentioned, took place during the scam. I understand from the call that Mrs M had remote access software installed on her device, and she uninstalled it while on the call with B. So, I've considered the possibility that it was the scammer who made the payment after being granted access to Mrs M's device. But I'm not persuaded that this is what happened here.

I say this because in the recording of the intervention call with B, Mrs M's call with the scammer can also be heard. The scammer is heard giving her instructions on what steps to take next. This could suggest, like the investigator concluded, that remote access wasn't in use at the time. But it's also possible that although in use, it was primarily to view the screen and not take control of the device, and Mrs M was being guided on what steps to complete. I think that is what is more likely than not to have happened here given a few days later, in a call with Kroo, Mrs M confirmed that the screen on her device wasn't being remotely controlled when she was talking to the scammer. Regardless, in either of those scenarios, Mrs M would have needed to complete the steps to give the payment instructions and approve the transaction.

So, while I fully acknowledge that Mrs M was tricked, on balance, I think it's more likely than not that she completed the steps involved in making the payment. As such, I think it's fair for Kroo to treat the payment as authorised.

Is there any other reason it would be fair for Kroo to reimburse Mrs M?

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Kroo ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances. As this was a new account, there was no activity for Kroo to compare the payment to. Considering when the disputed payment was made, its value and type, I'm not persuaded that Kroo ought to have found the payment suspicious, such that it ought to have made enquiries of Mrs M before processing it.

I've considered whether Kroo acted reasonably in attempting to recover Mrs M's funds once it was aware that she was disputing the payment. I can see that it contacted the beneficiary account provider promptly and asked if funds could be recalled. But it was informed that this wasn't possible. In the circumstances, I don't think Kroo could or should have done anything more.

I note that the investigator said that Kroo was able to recover £0.99 from the beneficiary account provider. But this is incorrect. £0.99 is the amount that remained in Mrs M's Kroo account after the disputed payment was made.

Distress and Inconvenience

I note that Kroo has paid Mrs M £100 compensation for how it dealt with her fraud claim. I think this is fair as there has been some delay in investigating the matter and there were times when Mrs M needed to chase Kroo for an update. But as I don't think Kroo has made a mistake in allowing the disputed payment to go through or in not refunding it, I'm not making a further award for distress and inconvenience.

In conclusion, I realise that Mrs M will likely be disappointed with this outcome. I recognise that this is not an insignificant amount of money to her and I'm sorry that she lost it due to the actions of the cruel scammer. But, for the reasons given, it wouldn't be fair of me to hold Kroo responsible for her loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 9 July 2025.

Gagandeep Singh
Ombudsman