

## **The complaint**

Mr C complains Kroo Bank Ltd unfairly declined his account application.

## **What happened**

Mr C applied for an account with Kroo and the application was declined. Mr C complained to Kroo and it reviewed his application again, and approved it, opening the account.

Kroo explained it had made an error by automatically declining the account, and it paid Mr C £25 to apologise for this error.

Unhappy with this response, Mr C brought his complaint to this service. An investigator looked into things and thought the compensation payment from Kroo wasn't enough.

The investigator agreed Kroo made an error, and should probably have reviewed Mr C's application, and agreed it, before Mr C made his complaint.

The investigator explained they couldn't say exactly why Kroo had declined the initial application, but it seemed Kroo didn't have all the information it needed.

The investigator said Kroo carried out a soft search, so only Mr C, the credit reference agency (CRA) and Kroo could see it, not other businesses. The investigator thought a further payment of £75 was fairer in the circumstances, and Kroo agreed to this.

Mr C disagreed and said he'd asked what CRA and fraud prevention agency Kroo used, but not had a response. Kroo responded via our investigator to say which CRA it used, and the details of the fraud agency were in its terms and conditions.

Mr C asked how Kroo used his personal data, and Kroo directed him to its privacy notice.

Mr C was concerned about whether Kroo had shared his details with the fraud prevention agency, possibly impacting him in the future. And Mr C said Kroo had likely discriminated against him in declining his account.

Mr C pointed out some Financial Conduct Authority (FCA) principles he feels are relevant and said the decline of his application led to months of worry and impacted his health.

Mr C wanted to know about Kroo's system limitations, stopping him from reapplying and how this had impacted other applicants. Mr C asked for an ombudsman to decide things.

## **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.

There's no dispute Kroo declined Mr C's initial application and there's no dispute this was a

mistake. Kroo's said Mr C's application was automatically declined in error, and only approved after manual intervention and checking of the application.

Like the investigator, I think this manual intervention should have been done after the initial decline, without Mr C needing to complain. But, regardless of this, Mr C's application was approved, and the account was opened.

Kroo has said it carried out a soft search with a specific CRA. Mr C says this soft search doesn't appear on his credit file. Soft searches only stay on record for six months, so if Mr C is checking now the soft search won't be visible.

Mr C says he checked his credit file straight after the decline, and the soft search wasn't showing. But Mr C hasn't said he checked the specific CRA Kroo used, it could be he looked at another CRA, where the search wouldn't be visible.

And if Mr C is using a data sharing credit file company, even if this is linked to the specific CRA, it often takes some time for third party credit file companies to update their records.

I'm satisfied Kroo carried out a soft search, and this type of search wouldn't be visible to other businesses searching Mr C's credit file, it would only be visible to Mr C, the specific CRA and Kroo.

And the soft search is an accurate record of what Mr C did, he applied for an account with Kroo and it recorded this application. If the soft search caused any impact on Mr C's credit file or credit score, then this flows from the legitimate recording of the application itself.

Mr C has asked how Kroo handles his data, and Kroo's provided its privacy statement and this is in Kroo's terms, under section 15. I'm satisfied Mr C had access to this when he applied for the account.

Mr C has recently asked very specific questions about exactly how his data is used, but I don't think this service is the right place to answer those concerns, although I've not seen anything to suggest Kroo misused Mr C's data.

But, if Mr C still believes Kroo misused his data he could raise this with the Information Commissioner's Office (ICO).

Mr C asked what fraud prevention agency Kroo uses, and this information is in Kroo's terms, in section 6.7. Kroo also puts a link to this agency and how Mr C could obtain his data, but it doesn't appear Mr C's done this.

I'm satisfied Kroo hasn't added anything to a fraud prevention database about Mr C's application. But, if Mr C is worried about anything Kroo might have added he can obtain this data direct from the agency, via the link in Kroo's terms.

Mr C says the worry about the decline, then acceptance of the account, caused months of stress and affected his sleep, his health and worries about his future financial standing.

But Kroo's response to Mr C's complaint included referral rights to this service, and Mr C waited the full six months before coming to us. And it seems Mr C didn't obtain data from the fraud prevention agency, in Kroo's terms, to allay any of his fears.

Mr C says he spent a long time researching UK law and other sources to bring his complaint here, but I can't hold Kroo responsible for this. I think Mr C could have referred his complaint

to this service sooner and got answers to some of his questions sooner.

Mr C says he feels Kroo has discriminated against him given the problems he's experienced. I can understand why Mr C feels this way, his account application was declined despite him apparently having a good credit score and the required identification.

But it's not our service's role to decide if Kroo breached the equality act – this can only be decided by a court.

But from what I've seen I can't say Kroo have acted fairly in all the circumstances of Mr C's complaint, it should have carried out the review of his rejected application sooner.

Mr C has said various FCA principles apply to his complaint, about the management of Kroo's systems, its communication and whether it treated him fairly.

I don't think this service can comment too much on Kroo's management and control, short of it would have been better for Kroo to review Mr C's application without the need for him to prompt this by raising a complaint.

And I don't think Kroo's responses were vague, other than not being explicit in the reasons for the initial decline. But, as the investigator said, Kroo doesn't have to give the exact reason for the decline, especially since it subsequently opened the account.

And whether Kroo treated Mr C fairly or unfairly is for this service to assess or decide.

And having decided things, I don't think Kroo treated Mr C fairly.

I think Kroo automatically declined Mr C's application, but this should then have prompted a manual intervention. Had this been done at the time, Mr C wouldn't have needed to raise a complaint to prompt the successful review of his application.

I think this caused Mr C some upset and inconvenience, and I think a further £75, bringing the total compensation to £100, is fair in the circumstances.

But I can't hold Kroo responsible for Mr C's longer term worry about the effect of this application, as I don't think Mr C mitigated his worry by not getting data he was concerned about and then referring his complaint to this service so late.

And whilst Kroo could have told Mr C which CRA it used, it seems Mr C had already checked his credit file and hadn't seen anything adverse added by Kroo.

Mr C also wants to know about the system limitations Kroo mentions, stopping further applications from people already declined.

I'm not sure this is a limitation, it seems sensible practice from Kroo. Once Kroo's declined an account it won't continue to assess further applications from the same applicant. But, in Mr C's specific circumstances, Kroo did assess his application again, with success.

Mr C is worried this will impact other applicants, but I have to decide Mr C's specific complaint, I can't assess any impact Kroo might have on other applicants.

And in the specific circumstances of Mr C's complaint I think Kroo could have done a little more to support Mr C after the initial decline of his application. And because of this I think Kroo needs to increase its compensation payment.

**My final decision**

My final decision is I uphold this complaint and Kroo Bank Ltd should pay Mr C a further £75 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 May 2025.

Chris Russ  
**Ombudsman**