

The complaint

Mr P complains about the service he received from Kroo Bank Ltd (“Kroo”) when it applied restrictions to his account without providing a reason. In particular, Mr P is unhappy about the amount of time it took for Kroo to lift the restrictions on his account.

What happened

Mr P held an account with Kroo. On 15 October 2024 Mr P found he wasn’t able to access his account or clear security and contacted Kroo about this the same day by both email and phone. Kroo responded on 17 October stating it had to place a restriction on his account and explained that he may not be able to use Kroo’s services as usual including its debit card or sending payments while the restriction was in place and that standing orders or direct debits may not be processed and payments will automatically be returned. It said it hoped to have an update as soon as possible and that it would be in touch.

Mr P kept emailing Kroo for an update emphasising that he was in distress and that the situation had left him out of funds. On 17 October Mr P asked Kroo to close his account and transfer the funds to his account with another provider.

Kroo responded to Mr P on 19 October stating it needed to verify his identity and to check his email inbox for an email that would allow him to submit his ID via a link. Mr P had difficulty using the camera on his phone and asked if he could send the email to a friend’s email to verify his ID.

Kroo didn’t respond until 22 October and when it did it again asked for Mr P to complete a verification check and asked some questions regarding access to his account and devices used to access it. Mr P explained that he’d done this already and again explained that his camera was broken on his phone and so he’d had to use a tablet and computer to submit the verification documents and confirmed no one else has access or log in details for his account.

On 23 October Kroo again asked the same questions of Mr P and he responded that he’d provided the answers to these questions and attached screen shots showing this. Kroo was still dissatisfied with this as it didn’t believe Mr P had explicitly answered the questions asked. Mr P responded providing more detail.

Kroo responded on 24 October explaining that on 15 October that a video submission submitted triggered its security system as the person attempting to verify his identity was not him and asked if there was anyone else who had access to his phone. Mr P advised that it was possible his roommate tried to access his account with Kroo using Mr P’s device.

Mr P continued emailing Kroo about this but Kroo didn’t respond until 1 November where it said it was still investigating the matter and then an hour later notified Mr P that his account had been unblocked.

Mr P complained about all this to Kroo. Kroo responded to Mr P’s complaint on 4 November. It says Mr P had failed a verification check when he’d tried to log into his account as two

different people – Mr P and his roommate - were shown in the verification videos and so it restricted Mr P account as per its terms and conditions while it carried out a review and had done nothing wrong here.

Kroo acknowledged that its lack of responses would've been frustrating and displayed a level of disregard for customers that one wouldn't expect from their bank. But said the law is restrictive in certain circumstances and for this reason it wasn't able to provide further information and so didn't uphold Mr P's complaint.

Mr P was dissatisfied with this and brought his complaint to this service. He says Kroo's poor service and lack of communication caused him embarrassment and left him in financial distress as he had to borrow money from family and friends.

This service asked on numerous occasions for Kroo to provide a timeline of events from when the block was put in place to when it was removed and for copy correspondence of the emails it received from Mr P but never received a response.

One of our investigators looked into Mr P's concerns and although they agreed that there were delays in Kroo responding to Mr P but that it was still investigating the matter and didn't have any updates or further information it could give and that it had apologised for this and this wasn't a situation where Mr P was caused distress or inconvenience to a level that was appropriate for Kroo to make a compensation payment.

Mr P disagreed as he says the length of time to resolve the issue and lack of communication is unacceptable. Our investigator asked Kroo to provide a timeline of events from when the block was put in place to when it was removed and for copy correspondence of the emails it received from Mr P but despite chasing Kroo for this information never received a response.

Mr P provided this service with evidence of his correspondence with Kroo but our investigator didn't think this was enough to change the initial outcome or persuade them that compensation was warranted.

Mr P remained dissatisfied and has asked for an ombudsman's decision on the matter.

I issued my provisional decision on 8 April 2025. In my provisional decision, I explained why I was proposing to uphold Mr P's complaint. I invited both parties to let me have any further submissions before I reached a final decision and although Mr P has accepted my decision, neither party have added any new information.

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.

In my provisional decision I said that:

“...the crux of Mr P's complaint is regarding the service he received from Kroo when it applied restrictions to his account while it carried out a security investigation and asked him to reverify his account. In particular Mr P is unhappy at the lack of response from Kroo during this period and the length of time his account was blocked for.

My role is to look at problems that Mr P has experienced and see if Kroo has made a mistake or done something wrong. If it has, we seek to put - if possible - him back in the position he would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

It might be helpful for me to say here that, I don't have the power to tell Kroo how it needs to run its business and I can't make Kroo change its systems or processes – such as how or when activity on an account is reviewed and restrictions applied for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Kroo needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have procedures in place – in this case carrying out a review and checks on account activity when a customer fails the verification process and an account and the funds held within are considered at risk. As I'm sure Mr P understands this is needed not only to protect businesses against criminal activity, but also their customers.

And in Mr P's case I can see that Kroo had a legitimate concern that someone that wasn't Mr P was accessing his account as Mr P's roommate had used Mr P's device to access his own account with Kroo. So I don't think it unreasonable that Kroo applied the restrictions it did and requested Mr P's verify his identity and answer its questions and satisfy itself that the activity it had seen was legitimate and Mr P's account was safe before it removed the restrictions.

I accept Mr P was both distressed and inconvenienced by this, but the actions Kroo took is allowed under its terms and conditions and is in-line with its regulatory obligations so I don't think Kroo have acted unreasonably or treated Mr P unfairly here.

However, I do think there was a failing on Kroo's part in the customer journey Mr P had and that it failed to keep Mr P informed about what was happening or manage his expectations around the length of time it would take to conduct its security checks or the process and at times failed to respond at all or acknowledge or look at the correspondence Mr P sent in.

Indeed, Kroo acknowledged in its final response letter that its lack of responses would've been frustrating and displayed a level of disregard for customers that one wouldn't expect from their bank. And even after Kroo had received all the information it needed for no apparent reason it took another week to provide Mr P with an update and before the restrictions were lifted.

This left Mr P in a state of flux not having access to his account or the funds in it and not knowing when the issue would be resolved resulting in him having to borrow funds from friends and family and causing him embarrassment and so I think some compensation is warranted.

I'm mindful of the fact that Mr P's account with Kroo doesn't appear to be his main account – as his statements don't show he used this account for everyday spending and Mr P has indicated he has another account with a different provider. So this being the case I currently think Kroo should compensate Mr P £100 for distress and inconvenience suffered for Kroo's service failings when corresponding with Mr P regarding the restrictions placed on his account.”

As neither party has provided any further evidence or arguments for consideration, I see no reason to depart from the conclusions set out in my provisional decision. It follows that I uphold this complaint.

My final decision

For the reasons I've explained, I uphold Mr P's complaint against Kroo Bank Ltd and direct it pay £100 compensation to Mr P.

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

Caroline Davies
Ombudsman