

The complaint

Ms M complains that Kroo Bank Ltd didn't provide the service it should have after she reported that she had been the victim of a scam. Ms M wants the money she lost refunded.

What happened

Ms M said that she received an unsolicited call from someone claiming to be from an online retailer who stated her account had been hacked. She was told to download an app allowing the scammer remote access to her device and to open an account with Kroo Bank and to transfer money from her other bank accounts into her newly opened Kroo Bank account to protect her funds.

The details of Ms M's transactions, totalling £5,700, are set out below.

Date	Time	Transaction	Amount	Remaining balance
27 March 2024		Faster payment in from Ms M	£1,598	£1,598
27 March 2024	10:38	Faster payment out	£998	£600
27 March 2024	10:39	Faster payment out	£600	£0
27 March 2024		Faster payment in from Ms M	£1,598	£1,598
27 March 2024	10:45	Faster payment out	£949	£649
27 March 2024	10:46	Faster payment out	£649	£0
27 March 2024		Faster payment in from Ms M	£1,598	£1,589
27 March 2024	10:52	Faster payment out	£899	£699
27 March 2024	10:52	Faster payment out	£699	£0
27 March 2024		Faster payment in from Ms M	£206	£206

27 March 2024	11:13	Faster payment out	£206	£0
27 March 2024		Faster payment in from Ms M	£700	£700
27 March 2024	11:45	Faster payment out	£700	£0
Total Loss				£5,700

Ms M said she realised she had been scammed and contacted Kroo Bank immediately to report it. However, she said that she had to chase for several months to get a response to her claim.

Kroo Bank issued a response to Ms M dated 21 June 2024, acknowledging Ms M's claim and her frustration at the lack of updates. It said the investigation was ongoing at that time.

Ms M referred her complaint to this service.

Our investigator issued an initial view noting that Ms M had reported the scam to Kroo Bank on 27 March 2024 and provided the account details of the scammer. Kroo Bank restricted the account the same day and then contacted Ms M on 29 March 2024 to ask for further information and to get her consent to contact the recipient bank. Our investigator thought this delay was excessive and that Kroo Bank should have tried to recover the funds within an hour of the scam being reported. Therefore, he upheld this complaint due to Kroo Bank not taking reasonable steps to recover Ms M's money.

Kroo Bank responded to our investigator's view. It said the expectation to try to recover funds within an hour of the scam being reported was unreasonable and that the expectation should be 24 hours. It then said that even if an attempt had been made to recover the funds within the hour this wouldn't have been successful as the funds were all debited from the Kroo Bank account within ten minutes of being received.

Our investigator issued a second view. He said that Kroo Bank would have seen that Ms M was crediting her account and then instantly sending payments to the same beneficiary in quick succession, which he said was a typical hallmark of a scam. He noted that by the time Ms M made the fourth payment, she had credited her account with £3,196 and paid out the same amount within eight minutes. He thought that Kroo Bank should have identified a pattern of payments at this time and intervened.

Our investigator thought it would have been appropriate for human intervention to have happened at this point. He believed that had Ms M been asked questions about the payments it was likely the scam would have been identified. However, he also thought that Ms M should share the liability noting that she received an unsolicited call and then didn't challenge the instructions to set up a new account and transfer her funds. She also didn't take note of the initial warning provided by Kroo Bank before the first payment was made. Therefore, he thought that Kroo Bank should refund Ms M 50% of all payments made from the 10:46 payment onwards along with interest.

Ms M accepted our investigator's view. Kroo Bank didn't reply. Therefore, this complaint has been passed to me, an ombudsman, to issue a 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.

Ms M has said she was contacted by phone about her account being hacked and her needing to transfer her money to a safe account. At the scammer's request she downloaded an app allowing the scammer remote access to her device. She then opened an account with Kroo Bank, and set up a new payee. She then transferred money into the account and made eight transfers out in just over an hour to the newly set up payee – clearing all of the funds.

There is no dispute that Ms M authorised the payments from the Kroo Bank account to the new payee. Under the Payment Service Regulations 2017, the starting point is that Ms M is liable for the payments she authorised. However, Kroo Bank should have systems in place to look out for out of character or unusual transactions, or other signs that might indicate that its customers are at risk of fraud.

As Ms M set up the Kroo Bank account at the start of the scam, there was no account history for Kroo Bank to refer to or use when assessing whether Ms M's payments were out of character. However, it still needed to be able to recognise account activity that might suggest a customer was at risk of financial harm.

In this case, Ms M set up the account and new payee and transferred some money in from an account she held with another bank. Kroo Bank has said that it issues a warning when a new payee is set up to alert customers to the risk of fraud. The warning said:

"Could this be a scam?"

Scammers can offer online deals at massively discounted prices or pretend to be your bank or HMRC and request to move your money to a safe account."

Unfortunately, this warning didn't prevent Ms M from following the instructions of the scammer and transferring the money. Kroo Bank didn't then provide any further warnings, and it has confirmed that Ms M didn't provide any details for the purpose of the payments. Considering the size of the individual payments I do not find it unreasonable that they didn't trigger any warnings. I have therefore considered whether the pattern of the payments should have raised concerns.

Ms M set up the account and new payee and made no transactions other than those that are part of this dispute. All payments were made to the same new payee, and several payments were made within a short period of time, clearing all funds transferred into the account. I think this pattern of payments had the hallmarks of a scam, and I think that Kroo Bank's systems should have identified that Ms M was at risk of financial harm.

I have then considered at what point in the scam, Kroo Bank should have become concerned about the transactions and what action it should have taken. In this case, I think at the fourth payment, Kroo Bank should have been concerned about the account activity. By this point Ms M had credited her account with £3,196 and paid out the same amount within eight minutes – all to the same beneficiary. I think a pattern had been established at this time that warranted intervention.

I have then considered what type of intervention would be reasonable. Given the speed at which the payments were being made, I think this should have alerted Kroo Bank to the possibility that Ms M was being pressured to make rapid transfers from her account and as

such human intervention would be proportionate. I think that had this happened, and Ms M had been asked about the payments, why she was making them and who she was making them too, the scam would have been identified.

There has been discussion about the recovery of the funds and the delays in Kroo Bank actioning this after Ms M alerted it to the scam. I agree that there were delays but I also accept that the nature of this scam meant the money was transferred out of the beneficiary account within minutes of it being received and so no reasonable recovery attempt would have been successful.

As I am upholding this complaint in part, I have considered what a fair remedy is. While I think that Kroo Bank should have done more to intervene and had this happened, Ms M would have stopped the payments, I also think that Ms M could have done more to protect herself. She was contacted by an unknown party who said they were from a retailer she had an account with. They told Ms M to download an app which allowed the scammer remote access to her device and so it could see her accounts. I think that this should have raised suspicions. Ms M was also told to create a new account and payee which again she could have asked the reason for. While I understand she would have felt under pressure as she had been told her account had been hacked, I still think she could have asked more questions which could have prevented the scam. When she was told to make several transfers to the same account, I think this should also have raised concerns. Therefore, in this case I think that the liability of the upheld payments should be shared 50/50 between Kroo Bank and Ms M.

I have also considered Ms M's comment about the delays in getting response from Kroo Bank and the upset she has been caused. I do not underestimate the financial and emotional impact this scam has had on Ms M, but this was the result of the scammers actions, not Kroo Bank's. While I think Kroo Bank could have been quicker in its recovery attempt this wouldn't have changed the outcome and while it did take time to respond to Ms M it did need to investigate her complaint. So, in this case, taking everything into account, I find the refund from the fourth payment (less the 50% reduction for Ms M's liability) is a fair resolution and I do not require it to pay additional compensation.

Putting things right

In order to fairly resolve this complaint, Kroo Bank should:

- Refund all payments made from the fourth (10:46) payment onwards minus a 50% deduction for Ms M's shared liability.
- Pay 8% simple interest on the individual amounts from the date the payments were made until the date of settlement.

My final decision

My final decision is that Kroo Bank Ltd should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 17 July 2025.

Jane Archer
Ombudsman