

The complaint

Mr W has complained Kroo Bank Ltd lodged a fraud-related marker on the industry fraud database, CIFAS, in his name.

What happened

In late 2023 Mr W opened an account with Kroo.

Mr W has said that he never made any transactions on the account and only opened it as a secondary account.

On 9 January 2024, seven payments of just over £1,000 were paid into Mr W's account. The funds were immediately transferred onto other accounts.

Following this Kroo was notified by another bank that their customer had disputed the payments with their bank. Kroo blocked the account and asked Mr W to explain why this money was his.

Mr W says he didn't notice Kroo's message. So, on 30 January 2024, he asked Kroo to close his account. Dissatisfied with his response, Kroo closed Mr W's account immediately, and a fraud related marker was lodged on Mr W's record with CIFAS.

Mr W subsequently discovered this was causing him difficulties after having another account closed and realised what had happened. He asked Kroo to remove the CIFAS marker.

Kroo noted that Mr W had sent them an email on 14 June 2024, in which he told them that he had not made any deposits or withdrawals with his Kroo account. However, it could see that after the account was opened on 13 December 2023, a number of payments were made into Mr W's account and subsequently paid out to a third-party organisation by card. This included the disputed payments Mr W had received, which they made him aware of on 10 January 2024, prior to the closure of Mr W's account. So, Kroo didn't feel they'd done anything wrong and refused his request.

Mr W brought his complaint to our service. Our investigator reviewed the evidence Mr W had provided which included the final response letter Kroo had sent to Mr W and his Kroo account statements.

The investigator asked Kroo to provide us the evidence it had relied on to close Mr W's account and load the CIFAS marker against him. But Kroo didn't respond despite repeated requests to do so from the investigator.

The investigator reviewed everything and based on Kroo's lack of response, they weren't satisfied that Kroo had treated Mr W fairly when it had closed his account and recorded a marker against his name. To put things right the investigator said Kroo should remove the marker and pay Mr W £400 compensation.

Mr W accepted this outcome, but Kroo never responded. So, Mr W'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.

It is clear what the requirements are prior to lodging a CIFAS 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 Mr W was involved. This evidence must go beyond a suggestion of Mr W's involvement. There's also a requirement that Kroo should be giving the account holder an opportunity to explain what was going on.

In addition, Kroo needs to provide information to this service so we can fairly decide a complaint. Despite being asked by the investigator, Kroo has failed to provide information about why it blocked, and closed Mr W's account. And then proceeded to load a CIFAS marker against Mr W's name.

The only documentary evidence I've seen about what happened is the final response letter Kroo sent to Mr W and screenshots of Mr W's Kroo account statements – all of which have been provided to us by Mr W when he brought his complaint to us.

These confirm Kroo received a notification from another bank that their customer had disputed six payments sent to Mr W's account on 9 January 2024. In other words, the money Mr W received into his account wasn't meant for him. But Kroo hasn't sent us anything to show the money Mr W received was fraudulent, or how the money was then moved on from Mr W's account. This is important as Mr W consistently said he knows nothing about the activity on his account. So, I've only got half the story – which isn't ideal.

What I need to be sure of, was that Mr W was aware of this fraud and involved. I've seen no evidence of this. Because of the lack of evidence provided by Kroo I'm not convinced Mr W was involved in fraud on his account.

I note and accept that Mr W didn't respond to Kroo when they approached him about the disputed credits. However, a lack of response alone doesn't justify a CIFAS marker.

In summary, I don't believe Kroo now has sufficient evidence, as required by the CIFAS rules, to show Mr W was complicit in any fraud. I've also not been provided with enough evidence to conclude that Kroo acted fairly when they closed Mr W's account.

Putting things right

On this basis I believe it would be fair and reasonable to ask Kroo to remove the CIFAS marker. There's no doubt that having bank accounts closed would have caused Mr W some distress. So I believe, like our investigator, that £400 is fair and reasonable compensation for any trouble and upset this matter has caused him.

My final decision

For the reasons given, my final decision is to instruct Kroo Bank Ltd to:

- Remove the CIFAS marker in Mr W's name; and
- Pay him £400 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 August 2025.

Sharon Kerrison
Ombudsman