

The complaint

Mrs R has complained that Kroo Bank Ltd won't reimburse her for a cash withdrawal where she's explained that the cash did not properly dispense.

What happened

In October 2024, Mrs R tried to withdraw £230 at an ATM. The amount debited her account, but she's explained that the cash was actually retracted back into the machine before she could take it.

Mrs R tried to withdraw £230 again, but had reached her cash limit. She reported this to Kroo straight after. Kroo treated this as a chargeback. It got some evidence from the ATM owner and turned down the dispute.

Our Investigator looked into things independently and upheld the complaint, finding there wasn't sufficient evidence that this withdrawal had been executed properly. Kroo didn't agree, so the complaint's been passed to me to decide.

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.

Mrs R has explained that the cash withdrawal was not correctly executed. So under the relevant rules, it's for Kroo to show that it was correctly executed and was not affected by, for example, a technical breakdown. And, thinking about what's fair and reasonable, Kroo should be able to show that it was entitled to debit the £230 from Mrs R's account.

I do appreciate that Kroo is somewhat limited by the information it can get from the ATM's owner. And I can see why it thought to treat this is a chargeback. But chargebacks are just one potential way to try to get the money back, and are voluntary. Kroo is still liable to refund transactions which it can't show were properly executed, separately from the card scheme rules. As such, it may be necessary for Kroo to ask other businesses for evidence – again, outside the confines of the chargeback process. It should have done so here. And I must base my decision on the evidence at hand, which includes making findings where evidence is missing. Our rules allow me to draw negative inferences from a party's failure to provide the evidence we've required of it.

The ATM owner did provide some electronic records, which appear to show that Mrs R's disputed withdrawal went through. But we weren't provided with an example of what an error – such as the one Mrs R detailed – would look like in this format. And Kroo hasn't provided the other information I'd usually expect in order to be reasonably satisfied that the withdrawal was correctly executed.

For example, we don't have any evidence of whether the machine balanced, nor of its purge bin, nor of whether the owner received other claims. So for all I know, there could have been a surplus of money in the machine which was Mrs R's retracted notes, or the cash might've got stuck and ended up in the purge bin despite what the journal roll appears to say, or there might have been a wider issue with the machine which would be relevant.

So while I do have some technical data about this withdrawal, I do not quite have sufficient evidence to satisfy me that it was executed correctly.

On the other hand, Mrs R has provided clear, plausible, and consistent testimony about the cash being swallowed back into the machine before she could take it. Her actions – such as trying to withdraw the same amount again and reporting the matter right afterwards – support her testimony. I've found no compelling reason to disbelieve her.

So based on the evidence at hand, I'm not sufficiently satisfied that this transaction was correctly executed. I find that Kroo should reimburse Mrs R for the disputed £230, and compensate her for the time she was without her money.

Putting things right

I direct Kroo Bank Ltd to:

- Reimburse Mrs R for the £230 disputed withdrawal; and-
- Pay simple interest to Mrs R on that withdrawal, at the rate of 8% simple a year, payable from the date it was debited until the date it's refunded. This is to compensate Mrs R for the time she didn't have her money.

If Kroo considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Mrs R how much tax it's taken off. It should also give Mrs R a tax deduction certificate if she asks for one. Mrs R may be able to reclaim the tax from HMRC if she doesn't normally pay tax.

My final decision

For the reasons I've explained, I uphold Mrs R's complaint, and direct Kroo Bank Ltd to put things right by doing what I've said above.

If Mrs R accepts the final decision, Kroo Bank Ltd must carry out the redress within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 30 June 2025.

Adam Charles
Ombudsman