

## **The complaint**

Mr Z complains that Kroo Bank Ltd ('Kroo') unfairly restricted his account and held onto funds.

## **What happened**

The details of this complaint are well known by both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

As our investigator said, Kroo has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Kroo will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result. Kroo's terms and conditions also enable it to block accounts in certain circumstances. Based on the available evidence, Kroo acted reasonably in its decision to review and restrict Mr Z's account.

However, given the impact of a review and block of an account can be significant, there is a general expectation they are carried out promptly. In Mr Z's case his Kroo account was restricted on 14 October 2024, and it reached out to Mr Z for further details regarding the account activity. Mr Z provided the information asked of him promptly, and the Investigator considered Kroo had the information it needed within 2 days of its initial request. Looking at the information provided by Mr Z, I agree that Kroo appears to have had significant information from Mr Z almost immediately after it was requested, and a 2-day time frame to review this would've been reasonable.

Kroo accepts the account block was in place for longer than necessary. In its response to Mr Z's concerns it explained it had compensated Mr K with £100 in recognition of the poor service he received and the impact of the delay. Mr K was offered another £50 in March 2025 as he remained unhappy with Kroo's response. Kroo has confirmed that Mr Z's account continued to accrue interest whilst it was under review.

I've considered the steps taken by Kroo, and whilst I consider the compensation to be fair in light of the delays Mr K faced, I think Kroo needs to compensate Mr Z further. Mr Z's statements show he used the account regularly. As Mr Z has been deprived off access to his funds for long than was fair or reasonable, I think it would be appropriate to apply 8% simple

interest to the account balance from 2 days after the account was blocked until the date the account was unblocked.

### **Putting things right**

Kroo Bank Ltd should put things right as outlined below:

- Pay Mr Z 8% simple interest on the balance within his account from the date of restriction to the date the restriction was removed.\*

\*If Kroo Bank Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr Z how much it's taken off. It should also give Mr Z a tax deduction certificate if she asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 7 November 2025.

Chandni Green  
**Ombudsman**