

The complaint

Mr B complains that Kroo Bank Ltd ("Kroo") failed to protect his account, enabling funds to be taken. Mr B would like Kroo to make additional payments for the impact this has had on him.

What happened

After noticing some payments were taken from his Kroo account that he didn't recognise, Mr B asked Kroo to refund them.

Kroo didn't think that Mr B had been sufficiently protective of his account which allowed the payments to be made. Mr B made a complaint and after completing their investigation, Kroo made a goodwill gesture to Mr B totalling the amount lost in the disputed transactions totalling £107.25.

Mr B was unhappy with how Kroo had treated him and brought his complaint to the Financial Ombudsman Service for an independent review. Mr B reported that he was suffering from various health related issues and Kroo's investigation caused additional stress and anxiety. Mr B wanted a substantial payment from Kroo.

An investigator looked into the situation and believed that Kroo should include additional payments, one for lost interest and £200 for the way that Kroo handled their investigation.

Both Mr B and Kroo disagreed with the investigator's recommendations. Mr B believed that Kroo should compensate him further and Kroo argued that they'd carried out their investigation in a timely manner. They believed the investigator's recommendations for additional payments were unfair and their investigation was conducted promptly.

As part of my own investigation, I asked Kroo and Mr B to provide additional details about the circumstances.

Kroo confirmed that they believed Mr B may not have personally authorised the payments, but his actions breached their terms by disclosing security information to others. Kroo argued that they shouldn't have to make any further payments to Mr B and he was put back in the position he would have been if the losses hadn't occurred.

Mr B was asked about comments he made referring to other parties (which Mr B had previously not explained in detail). Mr B was able to add that he was scammed during what he thought was a legitimate purchase. Mr B argued that his lack of technical awareness led him to reveal information that he now understands he shouldn't have. Mr B said he was acting in good faith which was taken advantage of. He didn't think that he'd been grossly negligent.

As no agreement could be reached, I'm now issuing my provisional thoughts on the complaint.

I issued my provisional findings on the merits of Mr B's complaint on 6 May 2025. In my provisional findings, I explained why I didn't intend to uphold Mr B's complaint and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

"What I've provisionally 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.

Up till recently, it was unclear how the three disputed transactions reported by Mr B had been completed. Mr B hadn't explained the specific details of his interaction with a third party related to the delivery of an item he was purchasing.

I'm grateful for Mr B's recent explanation, which introduced a third party who instructed Mr B regarding his Kroo payment details. This shows it was likely Mr B was somehow tricked into revealing his payment details, allowing a payment "token" to be set up using Google Pay on a device which was presumably operated by this third party. Payments were then made using that token until Mr B noticed them and was able to block his card.

Kroo believed that Mr B had revealed his security details in the form of a One Time Passcode (OTP) and given Mr B's recent explanation, I think that's probably what happened. Kroo took the decision to make a goodwill payment equal to the amount lost by Mr B. Kroo also argued that Mr B was in breach of their terms by passing on details related to his account (OTP) and other card details. I think here that Kroo's decision was both fair and reasonable in the circumstances. They've put Mr B back in the financial position he was in prior to the loss of his funds.

The investigator recommended that Kroo add interest to this amount due to the loss of use of his funds. Having considered this, I don't think it's reasonable to ask Kroo to make an additional payment for interest. I say that because the disputed payments were enabled by Mr B when he likely passed details to a third party. I recognise that Mr B was manipulated into doing so, but I don't think that Kroo hold responsibility for that loss.

Regarding the recommendation for a payment of £200, I've looked at the investigation carried out by Kroo and based on the timeliness of it, they completed their enquiries in about two months. Given the circumstances of this particular complaint, I don't think Kroo's investigation was unreasonable or unfair to Mr B. They acknowledge that additional updates could have been made, but overall, I think they addressed Mr B's concerns and investigated the circumstances. Given that additional information has now been revealed, this may have changed Kroo's handling of the matter at the time if they'd been aware of it. I can't hold them responsible for taking the approach they did based on what they believed at the time and were told by Mr B.

I acknowledge that this was an unfortunate episode at a time when Mr B was dealing with other health matters, but I can only recommend further payments if it can be shown that Kroo acted unfairly.

Overall, my current thoughts are that I don't think that Kroo acted unfairly here and their payment equalling the loss of Mr B's funds was a reasonable way for them to address Mr B's loss. I'm not intending to ask Kroo to make any further payments to Mr B."

I invited Mr B and Kroo to give me any more evidence and information they wanted me to consider before issuing my final decision. Both Kroo and Mr B responded.

Mr B continued to argue that he was the victim of a scam and Kroo failed in its duty to protect him. Mr B didn't think it was fair to label the issue as "gross negligence" when he passed the OTPs to the scammers.

Mr B thought that the decision to deny him a refund as the victim was setting a dangerous precedent and the harm he suffered was real and serious.

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.

Having done so, and as neither party had anything further to add that would change my provisional decision, I see no reason to reach a different conclusion. So, this final decision confirms the findings set out in my provisional decision.

I would like to respond to Mr B's additional comments here. By passing the OTP to another person, Mr B provided the means to register a new device onto his account which was then used to carry out the transactions. Accepting Mr B was scammed doesn't change the means with which the payments were made. This was in breach of the terms Mr B agreed to when setting up the account with Kroo.

Given that Kroo made a payment equal to his loss, the relevance of how the payment was made (whether Kroo or Mr B made the error) relates only to the recommendation made by the investigator that Kroo should also pay interest against the funds that were paid out of the account. Kroo weren't at fault for the payment leaving the account, which is why I didn't think it was fair to ask them to apply interest.

Mr B also argues that Kroo failed him and should've been aware that the new device was suspicious. But, the steps required to register a new device are designed to prevent such occurrences, particularly the use of an OTP. So, I don't accept Mr B's argument here that Kroo failed him.

I don't doubt the impact this had on Mr B, but overall I'm still of the opinion that Kroo acted fairly when they made a payment to him equal to what was taken from his account. As I've already stated, I don't think their investigation was unreasonable and I won't be asking them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

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

David Perry
Ombudsman