

The complaint

Miss G complains about the service she received from Kroo Bank Ltd (“Kroo”) when it blocked to her account following her reporting suspicious activity.

What happened

Miss G held a bank account with Kroo with a balance of over £15,000. On 23 October 2024 after receiving some suspicious phone calls, texts and emails Miss G believed someone was trying to fraudulently access her bank account and so she froze her card and contacted Kroo regarding this. Following this Kroo placed restrictions on her bank account.

Kroo contacted Miss G on the same day and asked her to answer eight questions to support its investigation and provide any screenshots as evidence. Miss G did as requested and answered all Kroo’s questions shortly after.

Kroo contacted Miss G again on 25 October and was asked a further six questions which she responded to the following day on 26 October.

Miss G chased Kroo on 29 and 30 October as her account had still not been unblocked. After failing to get a response and being on hold for 20 minutes Miss G raised a complaint about the service she had received in relation to the blocking of her account.

Kroo sent Miss G an acknowledgment of her complaint on 30 October providing a summary and explained she would be provided with a response no later than 15 November 2024.

Kroo sent Miss G its final response on 15 November not upholding her complaint regarding the review of the account and restrictions placed as it had reason to believe the account had been compromised, and so this was done in accordance with the terms and conditions of the account. But Kroo accepted that the delayed responses from it did not meet the level of service it aimed to provide apologised and upheld this aspect of Miss G’s complaint.

But as Miss G’s account remained blocked and being not happy with Kroo’s response Miss G referred her complaint to this service the same day.

Following this Kroo notified Miss G on 4 December that it had no concerns of third-party access but asked her to change her password and it would unblock the account. The block was removed from Miss G’s account on 6 December 2024. Miss G has told this service the delays to remove the block caused her significant distress and anxiety as this was her main account and she had no access to her funds to pay for things, couldn’t receive a refund she was waiting on and as she’d recently taken out a finance agreement on a van she had to borrow money from her mother to pay for it.

One of our investigators looked into Miss G’s concerns and although they didn’t think Kroo had done anything wrong in blocking Miss G’s account – as it had an obligation to try and keep customers accounts safe and prevent fraudulent transactions and was allowed under its terms and conditions – they thought the support it offered Miss G following the block was poor.

They thought despite Miss G providing Kroo with everything asked of her and there being no evidence to suggest Kroo required any further information from Miss G after 26 October, that the delays to unblock the account without explanation to this service were unreasonable. They recommended Kroo should compensate Miss G £400 for the distress and inconvenience caused and pay Miss G 8% simple interest on the balance of the account from 1 November 2024 to 6 December 2024 for the period they thought the block should've been lifted.

Kroo didn't respond to this and so Miss G's complaint was progressed for an ombudsman's decision on the matter.

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.

My role is to look at problems that Miss G has experienced and see if Kroo has made a mistake or done something wrong. If it has, we seek to put - if possible - her back in the position she would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

It might be helpful for me to say here that, I don't have the power to tell Kroo how it needs to run its business and I can't make Kroo change its systems or processes – such as how or when activity on an account is reviewed and restrictions applied for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Kroo needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have procedures in place – in this case applying a block to Miss G's account until it could carry out a review and checks on account activity when Miss G reported that she thought her account might be compromised and her funds at risk. As I'm sure Miss G understands this is needed not only to protect businesses against criminal activity, but also their customers. Indeed, I note Miss G herself took the sensible precaution to freeze her card.

And in this case as the report the account might be compromised came from Miss G herself, I think Kroo had a legitimate concern that someone that wasn't Miss G was trying to access her account. So I don't think it unreasonable that Kroo applied the restrictions it did and requested Miss G's verify her identity and answer its questions and satisfy itself that Miss G's account was safe before it removed the restrictions.

I accept Miss G was both distressed and inconvenienced by this, but the actions Kroo took is allowed under its terms and conditions and is in-line with its regulatory obligations, so I don't think Kroo have acted unreasonably or treated Miss G unfairly here.

However, I do think there was a failing on Kroo's part in the customer journey Miss G had and that it failed to keep Miss G informed about what was happening or manage her expectations around the length of time it would take to conduct its security checks or the process and at times failed to respond at all or acknowledge or look at the correspondence Miss G sent in.

And Kroo itself has acknowledged that its lack of responses would've been frustrating and displayed a level of disregard for customers that one wouldn't expect from their bank. And even after Kroo had received all the information - despite telling Miss G that once it received

the information it requested it will be able to swiftly move through the process and reach an outcome it needed - for no apparent reason it took over a month to provide Miss G with an update and before the restrictions were lifted.

This left Miss G in a state of anxiety not having access to her account or the funds in it and not knowing when the issue would be resolved resulting in her having to borrow funds from her mother to pay for things such as a recently taken out finance agreement. And this is compounded by the fact Miss G has told us that this was her main account. So I'm in agreement with our investigator that some compensation is warranted for the distress and inconvenience Miss G has suffered and that £400 would be appropriate.

Furthermore, given the significant balance held in Miss G's account I agree with our investigator that Kroo should also pay 8% simple interest on the balance from 1 November to 6 December 2024 for the period based on the evidence provided to this service that the block should've been lifted.

So it follows that I uphold Miss G's complaint.

My final decision

For the reasons I've explained, I uphold Miss G's complaint and direct Kroo Bank Ltd to compensate Miss G £400 and pay 8% simple interest on the balance of her account from 1 November 2024 to 6 December 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 22 July 2025.

Caroline Davies
Ombudsman