

The complaint

Mr K complained because Kroo Bank Ltd refused to refund him for payments which he said he hadn't authorised.

What happened

Mr K said that on 12 September 2024, five £120 payments, all to the same merchant, debited his Kroo account. He contacted Kroo, and was told to contact the merchant. The merchant told Mr K that he had an active account which was charged at £120 a month. Mr K said he'd only signed up for a trial, and had cancelled it by phone and email. The merchant told Mr K that it couldn't find a cancellation, and said he must have paid an initial premium. Mr K asked for proof of the contract, but neither the merchant nor Kroo could find this. Mr K said all they could find was a £5 payment, which had been for one specific product during Mr K's trial period. So Mr K believes the merchant had kept his card details and then made the withdrawals totalling £600.

Kroo replied to Mr K saying that it couldn't raise a dispute or refund Mr K, because he'd cancelled the service after he was charged. It said he'd had access to the service and used it. Mr K wasn't happy with this, but Kroo said Mr K would have to contact the merchant with specific transaction details. Mr K complained.

In Kroo's final response letter, it said it hadn't been able to refund Mr K because according to the card company's guidelines, it had needed more information which Mr K hadn't been able to provide. It said that refunds aren't an automatic entitlement, and all card providers (here, Kroo) had to meet strict conditions to pursue a claim. It said this included gathering evidence about whether a service was or wasn't provided.

Kroo said that it didn't have grounds for disputing the five £120 payments, because it said Mr K had cancelled the service after the charges had been applied, having already accessed and used it.

Mr K wasn't satisfied and contacted this service. He explained to our investigator that he did recall the initial call with the merchant, but hadn't signed up for a subscription. He said he hadn't made any initial £120 payment, just the free service. Mr K sent us a copy of two documents with a typed date of 22 August 2023, where he said he was cancelling his initial trial period. Mr K also explained that he could no longer access his Kroo account as he'd now closed it.

Our investigator repeatedly asked Kroo to supply its business file. She asked for Mr K's account statements; technical information about how the transactions had been authorised; account notes; investigation notes; and copies of correspondence with the merchant to show that Mr K had knowingly signed up for the subscription service; and evidence that he'd also consented to and authorised the subsequent transactions on his account.

Kroo didn't reply. The investigator had explained that the rules that govern our service mean she could issue her assessment based on the limited evidence she had. Those rules are

DISP 3.5.14R and DISP 3.5.9R(3), and they are set in the interests of resolving complaints quickly. Kroo still didn't reply.

So the investigator issued her view. She made it clear that she was upholding Mr K's complaint because Kroo hadn't provided evidence to show that Mr K had authorised and knowingly signed up for the subscription services. So she said that Kroo should refund the disputed transactions totalling £600, plus interest at 8% from the date of debit to the date of settlement.

Kroo still didn't respond. The investigator emailed again, and she received an acknowledgement, but no substantive information. So the investigator referred Mr K's complaint for an ombudsman's final 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.

First, I only have limited evidence here. I don't have any of the usual information which we'd expect a bank to provide. So I've had to take my decision on just the information which Mr K has given us. I've checked the Kroo email address to which the investigator sent her requests for information, and it's the same as the incoming email we received as an acknowledgement. So I accept that Kroo received the investigator's repeated requests for information.

What the Regulations say

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

The Regulations set out that the first stage is to consider authentication. This is the technical part of a payment, and it's for the bank to prove the payment transaction was authenticated. As Kroo didn't respond, it didn't prove this first element. The next stage is authorisation, which is whether a customer consented to the payment.

From the limited evidence I have, it seems most likely that the disputed payments were Continuous Payment Authorities (CPAs). Under a CPA, a customer gives a merchant their card details, and gives the merchant a standing authority to take payments as and when they need to. CPAs can be cancelled at any time by the customer contacting the merchant or the card provider (here, Kroo) – but there are sometimes problems about these cancellations.

The limited evidence here

Kroo hasn't sent any technical evidence about the payments. Nor has it told us what investigation it carried out. The final response to Mr K's complaint says that it couldn't raise a dispute because Mr K had only cancelled after the charges and after he'd used the service. But it hasn't provided any evidence to show this.

Mr K sent us two documents which he said was his cancellation to the merchant, dated 22 August 2023. I can't tell whether or not these emails were sent at the alleged date. But Kroo has provided nothing, not even to back up what its final response said about Mr K having cancelled after the charges were applied when he'd already accessed and used the service.

As I have none of the necessary information from Kroo, I have to make my decision on the limited evidence available. Without any information from Kroo, I find that Kroo should refund Mr K for the disputed transactions totalling £600. Kroo must also pay interest at 8% from the date of the debits to the date of settlement.

My final decision

My final decision is that I uphold this complaint. I order Kroo Bank Ltd to pay Mr K:

- £600 to refund the five disputed £120 transactions; and
- Interest at 8% simple from the date of the debits to the date of settlement.

If Kroo deducts tax from the interest on the award, it should provide Mr K with a tax deduction certificate to show how much it has deducted, in order to allow him to reclaim the tax from HMRC if appropriate to his personal circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 October 2025.

Belinda Knight
Ombudsman