

## **The complaint**

Mr S complains Kroo Bank Ltd unfairly closed his account and delayed him accessing his funds. He wants compensation for the hardship and anxiety he experienced as a result.

## **What happened**

Mr S held an account with Kroo Bank which he opened in 2023. On 17 October 2024 Kroo Bank restricted the account and closed it immediately.

Mr S wanted to know why his account closed but Kroo Bank didn't give him a specific reason. He provided them with alternative account details on 19 October 2024 and Kroo Bank transferred his funds to this account on 3 December 2024.

Our investigator upheld Mr S' complaint. They found Kroo Bank hadn't provided sufficient evidence to show they acted fairly when deciding to close the account and they hadn't provided an update to Mr S on when his funds would be sent to him. They recommended they pay him 8% simple interest on his account balance from 18 October 2024 up to 3 December 2024, and £150 for the worry and inconvenience he was caused.

Kroo Bank did not respond to the outcome and so Mr S' complaint was passed to me to make a final decision in my capacity as an ombudsman.

## **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.

I've decided to uphold Mr S' complaint. I'll explain why.

Account providers are entitled to carry out reviews on customers' accounts to meet their legal and regulatory requirements. Sometimes the result of a review may mean they block an account or terminate a customer relationship. Very often the information an account provider has relied on is commercially sensitive and would not be disclosed to a customer, which is what happened in the circumstances of Mr S' complaint.

Kroo Bank has provided our service with their reason for closing Mr S' account and the information that informed it, which I have accepted in confidence – an evidential power afforded to me under the Dispute Resolution Rules (DISP) which form part of the Financial Conduct Authority's handbook. I have not taken this decision lightly as I understand Mr S' natural wish to know what happened.

Kroo Bank has the discretion to decide who they want a customer, but they must still act with due skill, care, and diligence, and pay due regard to the interests of their customer and treat them fairly. I have carefully considered the nature of the information they relied on and whether that information was sufficient to close Mr S' account.

Importantly, some of the information doesn't match the information Kroo Bank hold for Mr S. I'm satisfied this ought to have prompted further enquiry from them to ensure they were

acting with appropriate diligence and accounting for Mr S' interests. Our investigator made reasonable enquires, the results of which cast significant doubt on Kroo Bank's decision to close the account, which our investigator then explained to Kroo Bank, and which I agree with.

On balance I find Kroo Bank did not have a sufficient basis to close Mr S' account. So, I find Mr S was deprived of use of the funds in his account and Kroo Bank should pay him simple interest at 8% a year calculated on the balance of his account from 18 October 2024 to 3 December 2024.

Mr S said he was very impacted by not being able to access his balance. I understand this was a stressful situation to be in and I see he did use the account for occasional everyday spending, although I don't see evidence to demonstrate this was his main account or the account which held the brunt of his income. I find £150 is a fair sum to compensate him for the distress and inconvenience he was caused.

### **Putting things right**

I require Kroo Bank Ltd to:

- Pay Mr S simple interest at 8% a year calculated on the balance they held for Mr S from 18 October 2024 up to 3 December 2024. If Kroo Bank Ltd considers that they are required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much they've taken off. They should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay Mr S £150 for the distress and inconvenience they caused him.

### **My final decision**

My final decision is I uphold Mr S' complaint. Subject to Mr S accepting my final decision before 21 July 2025, they must pay him compensation according to my instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 July 2025.

Liam King  
**Ombudsman**