

The complaint

Mr T is unhappy that Kroo Bank Ltd haven't refunded money he lost as a result of a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 2 January 2024 Mr T received a message from an unknown third-party offering him a job. He spoke to a representative of the merchant who offered him an opportunity to earn some money by completing task online. In total he sent the following payments to a third party and to accounts in his own name.

Date	Type of transaction	Amount
6 January 2024	Payment to Mr T's account	£5,000
7 January 2024	Returned from Mr T's account	£5,000
7 January 2024	Payment to third-party to buy crypto	£1,700
7 January 2024	Payment to third-party to buy crypto	£1,725.35
7 January 2024	Payment to Mr T's account	£2,000
7 January 2024	Payment to third-party (cancelled by Mr T)	£1,400
8 January 2024	Returned payment from third-party	£1,725.35
	Total Loss	£3,700

On 7 January 2024 Mr T spoke to Kroo about a transaction of £1,400 to a third-party. The payment was then cancelled and his account restricted while Kroo said they would review the payments on his account. Mr T then contacted Kroo for an update on the account restriction on 09 January 2024 because he wanted to withdraw £1,000 for his mortgage. He then called Kroo again on 12 January 2024 to raise a claim because he said he had been scammed. Mr T told Kroo that he realised he had been scammed when a bank he held an account with stopped a payment and told him that he was likely being scammed. He was told Kroo would review his claim and his account would remain restricted. Mr T asked Kroo for an update on his account being restricted on 23 January 2024, 17 February 2024 and 12 March 2024.

On 18 March 2024 Kroo asked Mr T some additional questions in relation to how the scam had occurred and he confirmed he sent the above payments in order to fund the job scam.

On 16 April 2024 Kroo told Mr T that it wouldn't be offering him a refund. Mr T complained to Kroo about what had happened, but it didn't uphold his complaint, so he then brought his complaint to this Service.

Our Investigator looked into things and thought that the complaint should be upheld. Kroo responded with some further information, so our Investigator wrote back asking for more information, but Kroo didn't respond.

Our Investigator then provided Kroo with a second view where they explained that as Kroo hadn't responded, they were still minded to uphold the complaint.

To date, Kroo has still not provided a response to our Investigators second view, so the complaint has been passed to me to make a final decision.

I wrote to both parties to explain that I felt the complaint should be upheld in part and that Kroo should pay Mr T £350 compensation for the distress and inconvenience it caused him. But I didn't think Kroo should refund any of the disputed transactions.

Mr T accepted my proposal.

Kroo failed to respond.

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 reviewed the account history of Mr T's account with Kroo to decide whether it should've done more to stop these payments. Having done so, I'm satisfied Kroo didn't act unreasonably here.

Kroo stopped a £1,400 to a third-party on 07 January 2024. It told Mr T it wanted to know why this payment was being sent. Mr T told Kroo that it was to purchase a product or goods, it involved crypto and that he wanted to cancel the payment. As a result of that payment, Mr T's account was placed on hold so a review could be completed of the activity on the account which I'll return to later on.

Having looked at the earlier transactions, I don't think those would've seemed sufficiently suspicious for Kroo to have stopped and asked further questions to try and understand why he was making them. The first payment was for £5,000 which was larger than the previous payments on the account. However, it was to an account in Mr T's name. It's not uncommon for consumers to make a one-off larger payment from time to time. And the fact it was to an account in Mr T's own name would've meant it wasn't sufficiently unusual enough to warrant further intervention. That payment was then returned to Mr T's account the following day. So, it wasn't lost to this scam.

Mr T then made two smaller payments to a third-party to purchase crypto that he could then send to the scammers. So, I'm satisfied these payments were part of the scam and they were raised to Kroo on 12 January 2024. So, it was reasonably aware that these payments were linked to this scam at that point. These payments were to a new beneficiary, but I don't think the value was sufficiently suspicious for Kroo to have reasonably considered that Mr T was more likely than not going to be the victim of fraud at that point. And again, one of those payments was then returned to his account the next day. He then made a £2,000 payment to an account in his name. And for similar reasons to the above payments, I don't think that would've been considered suspicious by Kroo at the time. However, Kroo then decided that by the time the £1,400 was sent the account activity had reached a point where it could be considered unusual. I say that because a variety of new payees had been set up on the same day, with a total value of payments of around £6,400 (including the £1,400 attempted payment). So, I think Kroo reasonably stopped that £1,400 payment here. But because Mr T

wanted that payment to be cancelled Kroo couldn't complete the questions it wanted him to answer in relation to why he was making the payment. As a result, I'm satisfied Kroo reasonably stepped in on the £1,400 payment and asked some follow up questions of Mr T to try and understand his reasons for making it. However, it couldn't uncover the scam as Mr T said he wanted the payment to be cancelled.

At this point Kroo decided to place the account under review. It has said that it wanted to make sure that Mr T was the person who had authorised the transactions and that no third-party had gained access to his account. On 22 March after asking Mr T some further questions about why he wanted to make the payments towards this scam, Kroo was satisfied his account hadn't been taken over and says it proceeded to investigate whether it could refund the payments he had lost. However, Kroo said it couldn't recover the payments to the third-party as Mr T received the service he paid for – the crypto – and one of the payments was refunded. And the payments Mr T made to himself weren't recoverable as Mr T was in control of the accounts he sent those funds to – with one of those payments being refunded.

So, I'm satisfied there wasn't anything further Kroo could've done to stop the payments Mr T made here nor could it have recovered them. So, I don't think Kroo unreasonably declined Mr T's claim to have the money he lost to the scam returned to him.

This leaves me to consider Mr T's other point about the time it took Kroo to complete its account review and the distress and inconvenience this caused him.

I don't consider it unreasonable for Kroo to place an account on hold. It can do this according to the terms and conditions of the account. However, I can see that the time it took Kroo to respond to Mr T was unreasonably long and did cause him distress and inconvenience. I'll explain why.

According to the statements I've seen, Mr T had around £35,496 in his Kroo account at the time the scam was reported. I can also see he had a regular direct debit he made to an account his name. Mr T has said that he needed that money to pay his mortgage and he was then unable to clear a part of his costs that he owed for his late father's estate causing further distress and inconvenience at an already distressing time. From reviewing the information that I've been provided with, the main part of the delay in reviewing Mr T's account were service delays – not the actual reviewing of the account. That's because it wasn't until 18 March 2024, after Mr T was continuously chasing Kroo for a response, that he was asked some further questions. Once Mr T responded promptly to those questions his block was removed on 25 March 2024. I accept there will sometimes be delays in reviewing an account. But I think the delays that occurred here were unreasonable. And given Mr T's circumstances, the fact he had been scammed, the loss of his father and having to borrow money to pay his mortgage I can understand why he was caused additional distress and inconvenience with the delays he experienced waiting for a decision on the account review and then a further delay until Kroo told him on 16 April 2024 it wouldn't be offering him a refund after reviewing his claim.

As a result, Kroo should pay Mr T a compensatory payment for the distress and inconvenience it has caused here. And having considered all the circumstances and evidence I've been provided with, I'm telling Kroo to pay Mr T £350.

My final decision

My final decision is that I uphold this complaint in part. Kroo Bank Ltd must pay Mr T £350 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 September 2025.

Mark Dobson
Ombudsman