

The complaint

Mrs F complains that Kroo Bank Ltd won't refund payments she didn't make.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving the reasons for my 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.

Having done so, I agree with the outcome reached by our investigator for these reasons:

Authorisation

- I've started by considering whether Mrs F authorised these disputed payments. This is relevant as, in line with the Payment Services Regulations 2017 (PSRs), she would generally be liable for payments she authorises – whereas Kroo would be liable for unauthorised payments.
- The PSR specify that authorisation depends on whether the payment transactions were authenticated correctly – and whether Mrs F consented to them.
- Kroo hasn't provided us with the technical evidence to show whether the correct payment steps were followed. But both Kroo and the merchant has suggested they involved Apple Pay. And given these went through successfully, I think it's likely they were authenticated correctly.
- So I've gone on to consider whether Mrs F consented to them. The PSRs specify how consent is given: it must be in the form, and in accordance with the procedure, agreed between Mrs F and Kroo.
- Kroo hasn't provided us with the relevant terms and conditions to establish the agreed form and procedure. So I've looked at the practical steps that would've been needed to make the payments. It seems she would've needed to use her Apple device and its associated biometrics with the merchant to make the payments.
- In this case, Kroo hasn't argued, nor evidenced, that it was Mrs F who used the Apple device to make these disputed payments. Instead, it seems more likely that fraudsters set up Apple Pay on their own device with Mrs F's card details. It follows that I'm not persuaded she used the agreed form and procedure to consent to these payments.
- I've finally considered that, in order to set up Apple Pay on another device, the fraudsters must have known Mrs F's card details, and it seems they would've needed

a one-time passcode (OTP) sent to her phone by text. So I've reflected on whether this could reasonably mean that she gave permission for someone else to consent to payments on her behalf.

- Firstly, I'm not persuaded Mrs F shared her card details during the call, given her consistent testimony on the matter and that we know from our experience of similar scams the various ways fraudsters are able to steal this information beforehand (for example, phishing attempts or via data breaches).
- Secondly, given the likelihood that an OTP was required to set up Apple Pay, and it was sent to her phone, I think it's likely Mrs F shared this, despite her not recollecting it. But given that she considered she was speaking with Kroo about stopping fraud on the account, I don't think she understood she was, in fact, allowing someone to set up Apple Pay.
- Taking this all into account – the likely stolen card details and how Mrs F was tricked – I don't think it'd be fair to say she gave a third-party permission to consent to payments on her behalf. It follows that I'm satisfied the disputed payments were unauthorised.

Gross negligence

- Kroo hasn't clearly submitted a reason why Mrs F should be held liable for these unauthorised transactions. However, given my view that it's likely she shared an OTP that facilitated this fraud, I will summarise why I'm not persuaded she failed with gross negligence to comply with the terms of the account and keep her personalised security details safe. This is relevant because, if it was proven, Mrs F wouldn't be entitled to a refund under the PSRs.
- In deciding this, I've considered how Mrs F received a genuine text message from Kroo beforehand that the caller referred to, and how they knew several pieces of her personal and sensitive information. So, in the heat of the moment, I can see why she trusted she was speaking with her genuine bank and believed her money was risk.
- I can also understand how she could've been tricked into revealing the code without realising – particularly given how apt fraudsters are at social engineering, and how the text message Kroo has provided shows the OTP was at the start of the message.
- In these circumstances – when Mrs F believed she was speaking with Kroo, and her money was at risk, I don't think Kroo has shown Mrs F acted with *very significant* carelessness to conclude she failed with *gross* negligence.

Conclusion

It follows that, in line with the PSRs, I don't consider Mrs F can be fairly held liable for these unauthorised payments and Kroo must put things right – by refunding her losses from the payments alongside 8% simple interest per year to compensate her for the time she's been out of pocket.

I recognise Mrs F had additional concerns about Kroo's practices and service. But I'm satisfied that the above award fairly compensates her for the losses she has suffered. Particularly as I'm mindful that the driving force of Mrs F's upset would've been the horrible scam she was a victim of, which I can't reasonably blame Kroo for. It follows I make no further award.

My final decision

For the reasons I've explained, I uphold Mrs F's complaint. Kroo Bank Ltd must:

- Pay Mrs F the total of the unauthorised payments, less any amount recovered or refunded.
- Pay 8% simple interest per year on this amount, from the date of the unauthorised payments to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 28 October 2025.

Emma Szkolar
Ombudsman