

## **The complaint**

Mr A complains that Kroo Bank Ltd blocked and then closed his account, and that it registered a CIFAS marker against his name. CIFAS is the UK's main fraud alert and prevention register.

## **What happened**

Mr A had an account with Kroo Bank. On 25 April 2024 he received a credit of £496 to the account. The payment was disputed by the sending bank, and Kroo Bank therefore restricted Mr A's account and asked him to provide information about the payment. Mr A told the bank that the payment was from a friend; he provided copies of screenshots showing the payment to his account.

Kroo Bank did not however lift the restrictions on Mr A's account. Instead, it gave him notice that it intended to close the account, which it did in October 2024. It also placed a CIFAS marker against his name. In closing the account, Kroo Bank returned the funds in it to Mr A – having deducted the £496 payment made on 25 April.

Mr A complained about the time the review had taken and that Kroo Bank had placed a CIFAS marker against his name. Kroo Bank said it had acted fairly and in line with the account terms; it did not uphold his complaint.

Mr A referred the matter to this service, where one of our investigators considered what had happened. She thought that the bank had acted fairly in restricting Mr A's account and in closing it. It had, however, taken too long to complete its review and to release funds to Mr A. The investigator was not persuaded either that Kroo Bank had a sufficiently strong reason to place a CIFAS marker against Mr A's name. She therefore recommended that it pay interest on the funds which had been in the account, arrange for the CIFAS marker to be removed, and pay Mr A a further £250 in recognition of the distress he had suffered and the inconvenience to which he had been put.

Mr A accepted the investigator's recommendation, but Kroo bank did not; it asked that an ombudsman review the case.

I did that and issued a provisional decision, in which I said:

*Our rules allow me to accept evidence in confidence. Some of the bank's evidence here is confidential, and I am satisfied that it is reasonable not to share it with Mr A. I believe though that he is fully aware of the issues and of the bank's case.*

*Kroo Bank received a query about the payment of 25 April 2024. It was the subject of a dispute, and someone had challenged Mr A's entitlement to it. In the circumstances, I think that the bank acted reasonably in restricting Mr A's access to his account while it completed its investigation.*

*The bank completed its investigation relatively quickly, and made the decision that, as a result of that investigation, it should close Mr A's account.*

*However, the process of account closure took rather longer than would usually be the case. But, in part at least, that was because Mr A did not have another UK account to which the funds in his Kroo Bank account could be transferred. Indeed, he has made that point in support of his case for compensation. He provided details of overseas accounts and of other people's accounts, but the bank wanted to send funds to a UK account in his own name. In the circumstances, I don't believe the timescale was unreasonable.*

*I turn then to the CIFAS marker. Mr A appears to accept that he was not entitled to the funds represented by the payment on 25 April 2024. In the course of our investigation, Mr A explained that a friend had made the payment and that the money had been paid into his account because his friend needed cash and that he needed the amount credited to his account. In other words, Mr A was allowing his friend to use the Kroo Bank account to change a bank transfer into cash. If that is the true explanation, the money did not belong to Mr A.*

*The investigator explained that a CIFAS marker should not be registered unless there is strong evidence that the customer acted dishonestly and, in the case of a fraudulent payment, knew or ought to have known that it might be an illegitimate payment. She took the view that Mr A's actions did not meet that threshold.*

*Whilst I can understand that assessment, I am afraid I take the view that Mr A must have known rather more about the payment than he has been prepared to acknowledge; at the very least, I think he ought to have known that there was a real risk that his friend was not in fact entitled to the funds which he was sending to Mr A. In the circumstances, I think that Kroo Bank acted fairly in placing a CIFAS marker against Mr A's name.*

*I note finally that Mr A has provided evidence that another bank similarly placed a CIFAS marker against his name. When he complained to that bank, however, it agreed to remove the marker and paid him some compensation.*

*I am not, of course, aware of the full facts of that case, but in any event there are many reasons why a different bank might have reached a different outcome. It does not change my view about the actions of Kroo Bank.*

Mr A did not accept my provisional decision. As well as repeating some of his earlier submissions, he said:

*"The ombudsman stated that "there is no way I was not aware of the money coming into my account", my response to that is I was well aware of the money coming into my account, as I provided proof to Kroo bank showing that a screenshot of the conversation between I and the person who sent it."*

Mr A stressed that the only resolution he was seeking was the removal of the CIFAS marker, as it was making life very difficult for him. He thought it unfair that banks in the UK do not make customers aware of the possibility of a CIFAS marker.

### **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, however, I have not changed my view from that set out in my provisional decision. I shall discuss briefly the further points which Mr A made in response to it.

Firstly, he has misquoted me. I don't believe it was ever in dispute that he knew about the money coming into his account. But what I actually said about that was:

*"... I take the view that Mr A must have known rather more about the payment than he has been prepared to acknowledge; at the very least, I think he ought to have known that there was a real risk that his friend was not in fact entitled to the funds which he was sending to Mr A..."* I remain of that view.

I note too Mr A's comments about the general awareness of CIFAS and its role. But Kroo's account terms include at Condition 12.2:

*"12.2 If we become aware of any fraudulent activity on your account we may report this to CIFAS or other fraud prevention agencies (see Conditions 6.6 to 6.8, "Requirements and checks for opening and holding an account" for more information about CIFAS)."*

I accept that it is unlikely that Mr A read in full all the account terms when he applied for the account. But he is still bound by them, and they did refer in general terms to CIFAS reports.

### **My final decision**

For these reasons, as well as those set out in my provisional decision, my final decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 August 2025.

Mike Ingram  
**Ombudsman**