

The complaint

Mr R complains that Kroo Bank Ltd won't refund payments he made as a result of a scam.

What happened

Mr R was the victim of an impersonation scam, where he was duped into making payments by fraudsters who purported to arrange a holiday for him.

As part of the scam, he made three debit card payments over two days in July 2024 – for £550.09, £1,007.65, and £1,488.00 respectively. These went to legitimate travel agencies, but Mr R didn't get the holiday he believed he paid for.

Having realised he'd been scammed, Mr R contacted Kroo about what happened on 1 August 2024. Kroo responded on 28 August 2024 and declined to refund the payments. It also didn't uphold his complaint a few days later. In summary, it considered its investigation was completed in a reasonable timeframe, and it explained that there's no automatic right to a refund, and that if it doesn't have evidence a claim would succeed, it doesn't have to raise a refund.

Unhappy with Kroo's response, Mr R brought his concerns to our service to investigate.

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 considered the matter carefully, I've reached the same conclusion as our investigator for these reasons:

- It's not disputed that Mr R was the victim of a cruel and manipulative scam. These are very distressing experiences, and I'm sorry to hear about what a difficult time he's been through.
- My role is to consider whether it's fair to hold Kroo, as his bank, responsible for his losses from the scam. There are various rules and codes that mean victims of scams ought to be refunded in some circumstances. But to be clear, there isn't an overarching, general expectation that banks ought to refund victims of scams.
- For card payments like those in dispute here, the starting position is that Kroo is liable for unauthorised payments and Mr R is liable for authorised payments.
- While Mr R was tricked by fraudsters as part of a scam, it's accepted he understood card payments were being made, and he approved these in his Kroo app. So, I'm satisfied they'd be fairly regarded as authorised payments under the Payment Services Regulations (PSRs). It follows that the starting position is that he is liable for them.

- However, I have also considered whether Kroo ought to have identified that these payments were suspicious and stepped in before they were made.
- Kroo, like all banks, have to balance protecting Mr R from fraud with its legal duty to make the payments he tells it to. Here, the payments went to three legitimate travel agencies – so I don't think it ought to have been alarmed by the destination of the payments.
- And while I know it was a lot for Mr R to lose, I don't think the values of the payments (both individually and cumulatively) were risky enough to suggest that Kroo ought to have stepped in. In saying that, I'm mindful of the number of payments of these values a firm like Kroo processes, and the impracticalities of stopping every payment like them.
- I also don't think the frequency of the payments – three over two days – looked particularly suspicious either.
- Taking this all into account, I'm not persuaded Kroo acted unreasonably in processing these payments in line with Mr R's instructions without completing further checks.
- As well as whether Kroo ought to have prevented his losses, I've considered whether it should have done more to recover them. Given they were made by card, I've considered whether it ought to have pursued chargeback claims. This is a voluntary scheme run by Mr R's card issuer, which can provide a refund if there's a right to do so under its specific rules.
- In this case, the chargeback claims would be considered against the legitimate merchants he paid (not the fraudsters). And it's very likely these merchants did provide the service Mr R paid for at a cost to them – it just didn't benefit Mr R.
- I've also noted that the transactions were made with 'two-factor authentication' – in other words, Mr R was required to approve them in his Kroo app. So the merchants had taken steps to ensure the card was being used with the consent of the cardholder.
- In these circumstances, I don't think there were any reasonable chances of successful chargeback claims under the rules of the scheme. So I don't think Kroo acted unfairly for not raising them, and I don't think it's at fault for failing to recover his losses.
- I've finally considered how Kroo handled Mr R's dispute. I realise he had to wait some time for an answer, but I can see it tried to keep him updated on what was happening. And while it could've replied sooner, I'm mindful that the driving force of Mr R's upset and frustration would've likely been as a result of the scam and Kroo's decision to not uphold his complaint, an outcome that I don't find was unreasonable in the circumstances. So I've not awarded compensation here.
- I realise this news will be very upsetting for Mr R, who fell for a horrible scam through no fault of his own. But for the reasons I've explained, I don't think Kroo is at fault for failing to stop or recover his losses. So I don't uphold the complaint.

My final decision

For the reasons I've explained, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 October 2025.

Emma Szkolar
Ombudsman