

## **The complaint**

Mrs J is unhappy that Kroo Bank Ltd won't refund payments she made because of a cryptocurrency based, job scam.

## **What happened**

In 2023, Mrs J was a victim of a cryptocurrency based, job scam which involved many payments over around 2 weeks mainly to a cryptocurrency exchange account in her name. She made 10 payments from her Kroo account to the scammers between 18 September 2023 and 1 October 2023.

In summary, Mrs J was contacted by scammers with a supposed online job opportunity in working for a genuine marketing company by completing tasks to help apps get higher rankings and more exposure. Some of these tasks required Mrs J to deposit cryptocurrency on her account. Mrs J was told she needed to purchase items but would get the money back once she had completed a set of tasks. She then was asked to complete 'combination' tasks, that created a negative balance on her account, that the scammer said she had to clear. Mrs J made several payments to do all this. After being asked to pay more to withdraw money, Mrs J realised she had been scammed.

Mrs J reported what happened to Kroo on 15 December 2023 and at the same time, raised a complaint it failed to protect her from the scam. Kroo replied that it couldn't recover the payments, and it made the payments Mrs J told it to. It said it did not accept it was obvious that Mrs J was being scammed. It said it was not apparent at the time and that the payments were spread over a few days.

Unhappy, Mrs J brought her 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 done so, I've reached the same outcome as our investigator for these reasons:

- The starting position in law is that Mrs J is responsible for the payments she made. And Kroo has a duty to make the payments she tells it to.
- But, as supported by the terms of the account, that doesn't preclude Kroo from making fraud checks before making a payment. And, considering regulatory expectations and good industry practice, I'm satisfied that it should fairly and reasonably do this in some circumstances.

### Should Kroo have recognised that Mrs J was at risk of financial harm from fraud?

- I'm satisfied by 25 September 2023, when these payments were being made that Kroo would have or ought to have had a good understanding of how cryptocurrency

scams work, following warnings published by the Financial Conduct Authority and Action Fraud. And that it ought to have been on the lookout for payments such as these occurring.

- I also note Kroo updated its terms and conditions, so from 30 May 2024, it no longer supports bank transfers associated with cryptocurrency. It said on its website it made this policy update to prevent and reduce the loss of funds for its customers. So, I think I can fairly conclude Kroo knew at the time these payments went ahead in 2023, what was at stake and the heightened risks associated with payments of this nature.
- I think Kroo ought to have been concerned with the fifth disputed payment for £2,291.89. It was the second payment that day and was for a large amount that had been made by Mrs J to date in the account. Mrs J, at this stage had transferred a total over £3,000 to a cryptocurrency exchange on the same day.
- I am persuaded Kroo ought to have recognised Mrs J was at risk of financial harm from the fifth disputed payment, for the reasons I have given.

What kind of warning should Kroo have provided, and would that have prevented the losses Mrs J suffered from the fifth disputed payment?

- Kroo said it required Mrs J to put in correct details for a new payee and then said it informed her to exercise caution. It then gave two examples of generic pop up scam warnings it said it would have then sent to her.
- I've considered what Kroo said it did, but I don't think this was enough here from the fifth disputed payment. I've not seen that any tailored warnings were given from this point or an intervention made. I would have expected Kroo to at least have taken steps to establish what the fifth payment was for.
- Had it done this, I'm satisfied the scam would've unraveled quickly, given the likelihood Mrs J would've answered that it was to pay off a negative balance to receive her money – something that is a common feature with this sort of scam.
- I'm mindful that had Kroo probed further, it would have found other warning signs too, like Mrs J having to complete a set number of tasks and paying for items in return for commission.
- Following this, had Mrs J been warned of the likelihood she was falling victim to a scam, I'm satisfied she would've stopped her interactions with the scammers at this point.
- I've seen nothing with the evidence in front of me, including screenshots of Mrs J's interactions with the scammers, that she was being coached to potentially deal with any instruction by Kroo. So, I remain persuaded that Mrs J would have answered any intervention truthfully and heeded any tailored warning given.
- Overall, I'm satisfied Kroo should fairly and reasonably have made further enquiries and provided a scam warning before proceeding with the fifth disputed payment. If it had, it's more likely than not that the scam would have been exposed and Mrs J wouldn't have lost money from this point. In these circumstances, I'm satisfied it's fair to hold Kroo responsible for some of her losses.

### Should Mrs J bear any responsibility for her losses?

- I've gone on to consider whether Mrs J should share some blame for her losses. The starting position for this is considering whether her actions fell below what I'd expect of a reasonable person.
- Here, I think Mrs J ought to have had concerns about paying such large sums of money to a supposed employer and questioned why she was getting paid for doing such simple tasks. I think she also ought to have considered why she had a negative balance and whether it was reasonable for her to be expected to pay this.
- Taking all this into account, I've decided to reduce the award by 50% for Mrs J's contributory negligence.

### Other matters

- I looked into whether Kroo ought to have done more to recover the funds once it had received notification from Mrs J that she had been scammed. This may have been possible in relation to the first two payments, as Mrs J had transferred these to accounts in other people's names. I can see though that it was notified sometime after the scam took place. Kroo said all receiving banks confirmed with it that no funds remained.
- In addition, Mrs J was transferring money over to an account in her own name, from a firm that provided legitimate services to her. So, I don't think there were any grounds for the money to be recovered anyway, from the third disputed payment onward.
- Finally, when I looked through Mrs J's bank statements with Kroo, I noticed there was a 10<sup>th</sup> payment that she made to the scammers for £1,243.50 on 1 October 2023. Mrs J's representatives initially didn't include this payment. So, I checked with both parties about this.
- Mrs J's representatives said this payment should have been included from the outset as it was lost to the scam. Kroo didn't respond. So, taking on board what has been said here, and what I can see, namely a payment made by Mrs J from her Kroo account to her cryptocurrency one, I think this payment was lost to the scam and I have included it.
- In summary, Kroo ought to have intervened and provided a tailored warning to Mrs J from the fifth payment that she made on 25 September 2023. If it had done so, I think on balance, Mrs J would've been put off from making any more payments from that point. So, Kroo should put things right and compensate Mrs J for her losses from payment 5 to payment 10, that she made to her cryptocurrency account between 25 September 2023 and 1 October 2023. I think Kroo should deduct 50% for Mrs J's contributory negligence.

### **My final decision**

For the reasons I've explained, my final decision is that I partially uphold Mrs J's complaint. Kroo Bank Ltd must:

- Pay Mrs J 50% of her losses from the fifth disputed payment to the tenth. I understand this to be £6,777.52.

- Pay 8% simple interest per year on this amount from when the payments were made to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 11 September 2025.

Mark Richardson  
**Ombudsman**