

The complaint

Mr B complains that Kroo Bank Ltd won't refund the full amount of money he lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr B complains that he sent a payment to what he thought was a legitimate loan company, which turned out to be a scam.

When Mr B realised he had lost his money, he raised a complaint with Kroo.

Kroo looked into the complaint and upheld it in part. Kroo didn't refund the payment lost to the scam, but it did offer to pay Mr B £25 for a delay in sending its Final Response Letter (FRL). Mr B remained unhappy, so he brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator didn't think the payment was of a value that would have triggered Kroo's automatic payment checking system. She also didn't think Kroo could have recovered the money.

As Mr B didn't agree with the investigator's view, the complaint has been passed to me to decide.

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'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the significant part here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Where the evidence is incomplete, inconclusive, or contradictory, I must make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

In line with the Payment Services Regulations (PSR) 2017, consumers are generally liable for payments they authorise. Kroo is expected to process authorised payment instructions without undue delay. As a bank, they also have long-standing obligations to help protect customers from financial harm from fraud and scams. However, there are many payments made by customers each day and it's not realistic or reasonable to expect a bank to stop

and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.

Having considered the size of the individual payment, I'm satisfied it was not of a value or remarkable enough to have triggered Kroo's payment checking process.

So, I don't find Kroo did anything wrong when it didn't stop Mr B's payment.

Recovery

Because the scam payment was made via debit card, the only potential avenue for recovery would have been via a chargeback claim.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders.

Kroo is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, I generally consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed.

I don't consider that a chargeback would have had any prospect of success in this case. This is because the payment went to a legitimate provider, which did provide a service.

So, I don't think Kroo could have done more to attempt to recover Mr B's funds in this instance.

Kroo did promise Mr B he would have his FRL by a deadline that it didn't meet. For this service failing it offered to pay Mr B £25 compensation. Having considered the length of the delay and the impact Mr B has said it had on him during an already challenging time, I find this a fair award in the circumstances.

Mr B feels that Kroo should refund the money he lost due to the scam. I understand that this will have been frustrating for him. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Kroo needs to pay Mr B any more compensation. I realise this means Mr B is out of pocket and I'm sorry he has lost this money. However, for the reasons I've explained, I don't find I can reasonably uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 February 2026.

Tom Wagstaff
Ombudsman