

The complaint

Miss P is unhappy that Klarna Financial Services UK Limited (Klarna) failed to adequately protect her account.

What happened

On 13 January 2025, Miss P contacted Klarna to explain her account had been used fraudulently and transactions to two retailers were not made by her. Miss P was very unhappy that had been allowed to happen and wanted the payments stopped immediately. The advisor speaking to Miss P explained they couldn't cancel the transactions but would escalate the matter to the specialist team to investigate further.

Miss P contacted Klarna on 14, 16 and 29 January 2025 for updates on the unauthorised transactions. On the 29 January 2025 call, a Klarna advisor explained one of the unauthorised transactions had been charged back and the other was still under investigation. Unhappy with the situation, Miss P raised her dissatisfaction.

In February 2025, Miss P emailed Klarna explaining she was seeking compensation as Klarna had allowed a third party to fraudulently access her account. Klarna responded asking for further verification for security reasons before responding in full. In March 2025 Miss P again emailed Klarna saying she hadn't received a response. Klarna responded reiterating that verification for security reasons had to be completed first. Miss P responded a few days later and said she wasn't prepared to provide any verification, as she believed the emails from Klarna were suspicious. Klarna said verification must be completed to continue a conversation via email and that Miss P could call for further assistance if she didn't feel comfortable.

On 2 May 2025 Klarna's specialist security team contacted Miss P and explained she would not be charged for the outstanding balance and they she would receive a refund for any repayments that had been made towards the disputed transactions. On 22 May 2025 Klarna issued a final response. In this it said the actions it had followed were in line with its processes. Miss P didn't agree and requested £10,000 in compensation due to the insufficient security measures Klarna has in place and its failure to provide adequate protection for its users. Miss P added that because of this issue, she couldn't use her account.

Klarna issued a follow up response on 29 May 2025 and said it wasn't the originator of the security breach, and the fraudsters had either cloned Miss P's phone or SIM card which allowed them to get around Klarna's security systems. This is therefore a criminal act rather than any negligence on Klarna's part.

Miss P referred her complaint to the Financial Ombudsman Service. One of our investigators considered the complaint and said Klarna quickly escalated the matter after Miss P had made it aware of the issue. They said Klarna had kept Miss P updated and offered alternatives when Miss P didn't want to provide verification via email. The investigator concluded that Klarna's handling of things was reasonable in the circumstances.

Miss P didn't agree and in summary said Klarna failed to protect her personal information and should be held accountable for securing its customers data.

As Miss P didn't agree, 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 would like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I appreciate Miss P is both deeply unhappy and upset her account was able to be used without her permission. It's clear she feels very strongly about this and I'm sorry she had to experience this situation. It's obviously never nice being the victim of fraud.

However sadly fraud does happen, despite the robust security measures businesses put in place to try and prevent it. Clearly fraud detection systems are not perfect, and fraudsters are becoming more and more sophisticated in how they try and bypass financial institutions systems.

But I've seen nothing here to suggest the unfortunate situation Miss P found herself in was down to any negligence on Klarna's part. Ultimately this was a criminal act, and I can't therefore say Klarna failed to provide adequate protection for Miss P's information and account.

Being the victim of fraud doesn't automatically mean a consumer should receive compensation. In this case Miss P received a full refund after Klarna had completed its investigations. I appreciate those investigations took some time, but I don't consider that unreasonable in this case. Like Miss P, Klarna is also the victim here and carrying out a full investigation before taking any action is what I'd expect.

It is the fraudsters that have caused the distress and inconvenience here, not Klarna. Klarna quickly escalated things to the relevant team, kept Miss P updated and ensured she wasn't liable for any of the unauthorised transactions. I appreciate while Klarna was investigating Miss P didn't have access to her account, but this was to prevent any further possible fraudulent transactions until the account could be secured. Taking this all into consideration I don't agree that Klarna should do anymore.

Lastly, I can understand why Miss P was reluctant to verify herself via email. She had been the victim of fraud and wasn't sure the emails she was receiving were genuine. I'm pleased to see that Klarna offered an alternative and explained that she could call it for further assistance if she was more comfortable doing that.

My final decision

I don't uphold Miss P's complaint against Klarna Financial Services UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 20 November 2025.

Paul Blower
Ombudsman