

The complaint

Mr A complains that Kroo Bank Ltd ('Kroo') won't refund the money he lost after falling victim to a scam.

What happened

The background to this complaint isn't in dispute, so I won't go into detail.

In summary, Mr A received a call from someone who said they worked for Kroo. They told Mr A they were concerned about unauthorised transactions, and he needed to make two payments to secure the balance in his account. Unfortunately, Mr A was talking to a scammer, and this was a safe account scam.

Mr A made two card payments to a genuine company that I'll refer to as X. The payments were for £1,500 and £2,780.

Mr A raised a fraud claim with Kroo the day after the second payment was made, asking that they refund him. Kroo declined to refund Mr A, saying the payments were authorised.

Mr A wasn't happy with Kroo's response, so he brought a complaint to this service.

An investigator looked into Mr A's complaint but didn't recommend that Kroo refund him. The investigator wasn't satisfied that Kroo should've intervened when the payments were made, so didn't feel Mr A's loss could've been prevented. And, as the payments were made to a genuine company, Kroo were unable to recover Mr A's funds through chargeback.

Mr A disagreed with the investigator's opinion and asked for an ombudsman to review his case.

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 carefully reviewed the evidence, I've reached the same answer as the investigator and for the same reasons. I'll explain why.

In broad terms, the starting position at law is that Kroo are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Kroo say the payments were authorised through 3D secure, which means Mr A had to access his Kroo account via their app and authenticate the payments. Also, Mr A says he was asked to make two payments to a company he believed would keep his funds secured. Based on this evidence, I'm satisfied that Mr A authorised these payments. So, the starting position is that Kroo aren't liable for his loss.

There are some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Kroo also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe.

Based on the size of the payments, that there were only two payments made over two days, and the combined value of the payments, I'm not persuaded that Kroo should've identified a potential risk of financial harm or intervened when the payments were made.

I appreciate that this was a lot of money for Mr A, but Kroo has to find a balance between identifying concerning payments and intervening, while minimising the disruption to genuine payments.

So, I'm not satisfied that Kroo should've prevented Mr A's loss.

Unfortunately, Mr A's funds couldn't be recovered by chargeback, even though he reported the fraud the day after he made the card payments. Chargeback doesn't look at the end destination of the funds, only whether the merchant (X) provided the goods or service paid for. In this case, Mr A made his card payments to a legitimate business, who have more likely than not provided the goods/service they were paid for. The fact that Mr A didn't receive those goods or service doesn't mean that the merchant would be required to return the funds.

I realise that Mr A was the victim of a cruel scam, and the loss of these funds has seriously impacted him. But I'm not satisfied that I can fairly ask Kroo to refund him.

My final decision

My final decision is that I don't uphold this complaint against Kroo Bank Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 March 2026.

Lisa Lowe
Ombudsman