DRN-6022741

Financial Ombudsman Service

The complaint

Mr S complains that Kroo Bank Ltd (Kroo) is refusing to refund him the amount he lost as the result of two scams.

Mr S is being represented by a third party. To keep things simple, I will refer to Mr S throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr S has explained that he has fallen victim to two separate scams.

Scam 1

In March 2024 Mr S was contacted by a company I will call "X" explaining the regulators had located Bitcoin belonging to him to the value of $90,000 (Mr S had fallen victim to a scam previously that had resulted in a loss of around £5,000).

X would help recover the funds for Mr S and would charge a commission to do so. Remote access software was also used so X could guide Mr S through different processes.

Throughout the process of recovering the funds Mr S was introduced to several people associated with X and given multiple reasons as to why he would need to make payments via cryptocurrency to release the funds.

After making multiple payments as requested by X, Mr S realised he had fallen victim to a scam.

Scam 2

In June 2024 Mr S was contacted by a company I will call "Y" explaining that it had also located Bitcoin belonging to him. Y requested a small initial payment to establish a link to Mr S's account. Y then explained that Mr S's funds had been sent and were pending but Y also convinced Mr S to invest further stating that Bitcoin were having an event and prices were likely to increase.

While in contact with Y Mr S explained that he had funds stuck in an investment with X. Y offered to help but explained a fee of £15,000 would be payable. Mr S paid the fee via Bitcoin in July 2024.

Mr S was then advised he would have to pay multiple fees and taxes before he could receive funds promised by Y,

Mr S was required to open an account with what appeared to be a genuine cryptocurrency exchange where funds appeared to be deposited. But the exchange then also requested further payments before any funds could be released.

Mr S later found that the scammers were impersonating a well-known cryptocurrency exchange and he had not been making payments to a legitimate company.

Below is a list of payments made from Mr S's account with Kroo that are relevant to his complaint:

Payment	Date	Payee	Payment Method	Amount
1	16 July 2024	CoinCorner	Transfer	£2,060
2	17 July 2024	CoinCorner	Transfer	£2,890
3	17 July 2024	CoinCorner	Transfer	£5,410
4	17 July 2024	CoinCorner	Transfer	£230
5	19 July 2024	CoinCorner	Transfer	£2,457
6	23 July 2024	CoinCorner	Transfer	£2,000
7	24 July 2024	CoinCorner	Transfer	£2,500
8	24 July 2024	CoinCorner	Transfer	£4,000
9	30 July 2024	CoinCorner	Transfer	£6,250
10	15 August 2024	CoinCorner	Transfer	£5,000
11	16 August 2024	CoinCorner	Transfer	£20,000
12	6 September 2024	CoinCorner	Transfer	£13,573
13	14 September 2024	CoinCorner	Transfer	£1,600
14	27 September 2024	Mr S	Transfer	£1,300
15	30 September 2024	Mr S	Transfer	£125
16	4 October 2024	CoinCorner	Transfer	£12,000
17	7 October 2024	CoinCorner	Transfer	£8,000
18	16 October 2024	CoinJar	Transfer	£1,000
	16 October 2024	CoinJar	Credit	£1,000cr
19	16 October 2024	Mr S	Transfer	£2,030
20	4 November 2024	CoinCorner	Transfer	£13,000
21	6 November 2024	Crypto.com	Transfer	£13,000
	7 November 2024	CoinCorner	Credit	£11,000cr

Our Investigator considered Mr S's complaint and didn't think it should be upheld. Mr S disagreed, so this 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.

It has not been disputed that Mr S has fallen victim to cruel scams. The evidence provided by both Mr S and Kroo sets out what happened. What is in dispute is whether Kroo should refund the money Mr S lost due to the scams.

Recovering the payments Mr S made

Mr S made payments into the scam via transfer. But the payments were not made to the scammers directly, instead they were made to another of Mr S's accounts held elsewhere, or to purchase cryptocurrency. As it took further steps for those funds to end up in the hands of the scammer any attempts at recovery would have no prospect of success.

Should Kroo have reasonably prevented the payments Mr S made?

It has been accepted that Mr S authorised the payments that were made from his account

with Kroo, albeit on X and Y's instruction. So, the starting point here is that Mr S is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The first payments made in relation to the scam were not so significant in value that I think Kroo should reasonably have had cause for concern. But when Mr S made payment 3 he was making a second payment the same day with the total value of the payments exceeding £8,000 to a cryptocurrency exchange. Considering the overall value of the payments and the increased risk associated with payments related to cryptocurrency I think Kroo should have been concerned that Mr S could have been at risk of financial harm, and it should have intervened.

I think that a proportionate intervention to payment 3 would have been for Kroo to have discussed the payment with Mr S and to have provided an appropriate warning based on the information Mr S provided. I also think Kroo should have intervened further when Mr S made larger payments.

But I don't think it would have made a difference if Kroo had intervened in the way I have said it should have. I will explain why:

I can see that Kroo was in communication with Mr S on multiple occasions. On 4 November 2024 Kroo stopped a payment and asked Mr S what the purpose of the payment was, Mr S selected "family, friends or myself". Mr S then went onto provide a statement from an account he held with another provider to show the source of the funds.

On 8 November 2024 Kroo had further concerns and asked Mr S multiple questions. Mr S confirmed:

- He started investing having done his own research, especially about crypto
- He was working by himself
- He had sole control of the investment
- He was making payments to and from his Kroo account as Kroo processed his payments faster than other banks
- He was not taking any advice, and he was doing all transactions himself
- He would withdraw from his investment later when he decided to sell

Kroo continued to question Mr S and he decided to close his Kroo account.

Like I've said above I think Kroo should have intervened sooner and questioned Mr S about the payments he was making but Mr S wasn't honest when he answered Kroos questions. Mr S hadn't started making the payments on his own having carried out his own research, and he was taking advice.

In addition to the above Mr S also made payments related to the scams from accounts held elsewhere. When those account providers intervened Mr S also provided inaccurate answers.

Providing incorrect information would and did make it very difficult for Kroo to uncover the scams that were taking place. Even if I was to say that Kroo should have intervened further and sooner than it did, I don't have enough to say with any confidence that Mr S would have provided any more honest responses. I also can't say with any confidence that Mr S wouldn't have found another way to make the disputed payments if he was unable to make them from

his Kroo account.

With the above in mind, I don't think Kroo missed an opportunity to prevent the scam from taking place and it is not responsible for Mr S's loss.

Mr S has told us he was vulnerable at the time the payments were made but it is my understanding that Kroo was not made aware of any vulnerabilities that could have affected Mr S's ability to make sound decisions. So, I can't reasonably have expected Kroo to have taken any vulnerabilities into account when the payments were made.

My final decision

I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 April 2026.

Terry Woodham
Ombudsman