

## **The complaint**

Mr H complains that Kroo Bank Ltd blocked payments from his account with it, causing significant inconvenience.

## **What happened**

Mr H has a Kroo account, from which several standing orders are paid each month, including payments to accounts in his name with other providers.

On 1 October 2025 one of those payments was flagged by the bank's security systems. The bank therefore contacted Mr H to check that the payment was genuine – which it was. In the meantime, Mr H's account was restricted, meaning that not only was the flagged payment blocked, but that other payments which should have been made on the same day could not be completed either.

When Mr H confirmed that the payment was genuine, the account restrictions were lifted. Kroo says that restrictions were in place from 3.20am until 5.07pm the same day.

Mr H says that there was no reason for a fraud alert in respect of a payment which had been made regularly for some time to an account in his own name. He does not believe that, even if there were concerns about one payment, his whole account should have been restricted. And, because payments were not made as they should have been, he had to make eleven manual payments – causing him significant inconvenience.

Kroo noted that its terms and conditions allowed it to review payments and to seek further authentication before completing a payment. It did however acknowledge that Mr H had been put to some inconvenience and paid him £40 as a gesture of goodwill.

Mr H referred the matter to this service, where one of our investigators considered what had happened. He did not however believe that Kroo had acted unfairly and did not recommend that the complaint be upheld. Mr H did not accept the investigator's assessment and asked that an ombudsman review the 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.

It is expected that banks will have systems in place which seek to detect fraudulent and unauthorised payments, so as to reduce the risk of losses to fraud for both themselves and their customers. In many cases, those systems are, of course, automated. Very often, an automated system will flag transactions so that they can then be reviewed by an agent. That is what happened in this case.

No security system, whether automated or manual, however, is entirely reliable. They will not necessarily identify every fraudulent transaction, and there will be occasions when a genuine payment is wrongly flagged as potentially fraudulent. On this occasion, Kroo's systems

identified a payment as potentially fraudulent, even though it was not. Manual intervention resolved the issue, as was intended.

It is not for me to tell Kroo how it should set up its fraud detection systems. It is for banks, as a matter of their commercial judgment, to decide what level of risk they are prepared to take. If their systems wrongly flag payments as risky, friction will be built into the system, leading to customer dissatisfaction; if they miss payments which are not genuine, banks run the risk of having to refund unauthorised or other suspicious payments.

So, whilst the payment here was wrongly flagged, I cannot properly say that Kroo's systems were not operating as they should have been or that Mr H was treated unfairly.

Kroo's terms and conditions also provide for the account to be restricted in certain circumstances, including, for example, where the bank has reasonable grounds for believing someone is using it without authority or it is being or could be misused. In my view, Kroo did have such grounds, because its systems had flagged a payment as suspicious. That belief proved to be incorrect, but I cannot fairly say it was not genuine. The bank was therefore entitled to restrict the account as a whole – not just to stop the payment which had been flagged.

I note that Mr H has since opened an account with another provider which, he says, will not block an account on the basis of a single flagged payment. It is, of course, generally open to customers to switch accounts if they feel a different provider better suits their needs, but I cannot say that this means that Kroo treated Mr H unfairly.

### **My final decision**

For these reasons, my final decision is that I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 March 2026.

Mike Ingram  
**Ombudsman**