

The complaint

Mrs D complains that Kroo Bank Ltd has declined to refund disputed transactions that were made from her account after she fell victim to a scam.

What happened

On 20 August 2024, Mrs D received a call from someone claiming to be from a well-known online marketplace. The caller explained her account with them was at risk of fraud, as hackers had accessed it and were trying to make purchases using her money.

As part of the scam, Mrs D was told to open an account with Kroo, in an attempt to confuse the hackers and stop them from getting into her accounts. Mrs D complied, but shortly after, realised that her money had passed through the Kroo account and onwards to a third party without her authority.

Mrs D contacted Kroo to explain what had happened and asked it to refund the money. But the bank didn't believe it was liable for her loss. Mrs D raised a complaint, but Kroo didn't uphold it.

Mrs D referred her complaint to this service where it was considered by one of our investigators. She accepted that Mrs D had been the victim of a scam, but couldn't see a point of compromise that would've allowed the disputed transactions to be made by a third party in the way Mrs D had described. But, in the circumstances, she wasn't satisfied the disputed transactions were authorised by Mrs D and therefore recommended that Kroo refund her loss of £1,366 plus interest.

Kroo didn't agree with our investigator's findings and said her reasoning was contradictory. So as no agreement could be reached, the complaint was passed to me to decide.

I issued a provisional decision on 2 February 2026. I've set out those findings again below and they form part of this decision.

My provisional decision

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 heart of the matter 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.

I've started by considering whether Mrs D authorised these payments. This is relevant as, in line with the Payment Services Regulations 2017 (PSRs), she would generally be liable for payments she authorises – whereas Kroo would be liable for unauthorised payments.

The PSRs specify that authorisation depends on whether the payment transactions were authenticated correctly – and whether Mrs D consented to them. It doesn't appear to be in dispute that the payments were authenticated correctly (as in, the correct payment steps were completed).

Mrs D has told our service and Kroo, that after successfully opening the Kroo account herself, she was told to download a screen sharing application to her iPhone. The scammer told her this was to confuse the hackers so they couldn't get into her accounts and told her not to touch her phone.

Mrs D has also explained that she was asked for an authorisation code. She says she questioned this as the message said not to share the code, but she was given reassurance from the scammer that it was all okay and it was part of confusing the hackers. Mrs D says she could see the Kroo bank app, and there was a lot of switching screens and transactions going in, out, and then in again. Mrs D says she didn't know the money going in was her own but later discovered it had come from another of her accounts with a different banking provider. She says it was all very confusing.

Whilst I accept that something happened to Mrs D on 20 August 2024, in view of the available evidence, I don't find it likely the scam happened as Mrs D has described. I say this because, Kroo has sent me its electronic records from 20 August 2024, which includes the steps Mrs D took to open the account on her iPhone. The device used remains the same before, during and after the disputed transactions were made, so I'm satisfied the disputed transactions were made using Mrs D's own iPhone rather than a third parties. The sharing of a code as Mrs D has described might have enabled a third party to access her Kroo account from another device – but I'm satisfied that didn't happen here. And, I've not seen any evidence that remote access software was installed on Mrs D's device either.

I must base my findings on the evidence that's available to me. And on the balance of probabilities the evidence shows Mrs D opened the Kroo account herself and took steps in her Kroo app to make and consent to the transactions she's now disputing. It's possible Mrs D did so inadvertently as part of the scam, but because I have no convincing evidence that her iPhone was being controlled by a third party, and because she says she didn't disclose any security details, I'm not persuaded that the scam happened as Mrs D says it did. Nor do I understand how the scammer was able to make payments into her Kroo account from her external bank account based on what she's said. So, I can't fairly conclude the transactions were made without Mrs D's involvement in the circumstances she's described. Therefore, I find it more likely than not that Mrs D made the transactions, and I find it's reasonable for Kroo to treat the payments as having been authorised by Mrs D. As such, it isn't obliged to provide a refund.

Should Kroo have done anything else to intervene here?

When a payment is authorised, Kroo has a duty to act on the payment instruction. But in some circumstances, it should take a closer look at the circumstances of the payment – for example, if it ought to be alert to a fraud risk, because the transaction is unusual, or looks

out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. I'd expect any intervention to be proportionate to the circumstances of the payment.

But I've also kept in mind that Kroo processes high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

Here, the disputed transactions were made from a newly opened account, after Mrs D had completed Kroo's account opening checks which appears to include verifying her identity, and the transactions were then made from that same device. It doesn't appear that Kroo was alerted to any remote access software being present on Mrs D's device, and I've not seen anything that leads me to conclude that it should've been alerted to Mrs D's account being at risk of financial harm.

Recovery of the funds

Kroo attempted to contact the recipient banks after it received Mrs D's report that she'd been the victim of a scam. But unfortunately, it couldn't recover any of Mrs D's £1,366. Whilst I find Kroo could've contacted the recipient banks quicker than it did (two days after the scam report), in view of the lack of responses it received, I'm not persuaded that any earlier contact would've made any difference here.

Customer service

Kroo has accepted it could've provided better customer service to Mrs D. After Mrs D reported her fraud claim on 20 August, Kroo accepts it didn't provide her with any updates until 12 November. I accept this would've caused Mrs D trouble and upset. Being the victim of fraud would've been very upsetting for her, but I find the lack of updates would've added to that upset. I appreciate Kroo has already apologised to Mrs D for this delay, but I also find it should pay her £200 compensation as a result of the trouble and upset this poor service would've caused.

I realise Mrs D was vulnerable at the time of the scam, and I'm really sorry to hear of the on-going challenges she's facing. I know this will come as a huge disappointment for Mrs D, but for the reasons I've explained, I've not found that there are any grounds for me to direct Kroo to do anything else to resolve things here. Based on what I've said above, I'm not convinced Mrs D has evidenced she lost money as part of a scam in the way that she's described. And based on the evidence available, I've provisionally decided that it's fair for Kroo to treat the disputed transactions as being authorised by Mrs D.

But, in view of the service it provided to Mrs D, I find it fair for Kroo to pay her £200 compensation.

Responses to my provisional decision

Kroo accepted my provisional decision and didn't have any further comments to provide.

Mrs D also responded but did not accept. She believes I need to look into her complaint further. And that the £200 compensation is disrespectful after everything she has been through.

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'd like to thank both parties for their responses to my provisional decision.

I'd also like to assure Mrs D that I've looked into her complaint very thoroughly, and I didn't issue my provisional decision lightly. I recognise that Mrs D has been the victim of a very cruel scam and she's been through an awful lot in the time that's followed, and I'm very sorry that this has happened to her.

But being the victim of a scam doesn't mean the bank is automatically required to provide a refund. And in reaching this decision, I must consider what's fair to both Mrs D and Kroo in the overall circumstances of the complaint, and in line with the bank's obligations under the PSR's.

Since issuing my provisional decision, I haven't seen that has given me reason to reach a different outcome. So, I see no reason to depart from my provisional findings.

I remain satisfied that based on the evidence available, it's fair for Kroo to treat the disputed transactions as being authorised by Mrs D.

But, in view of the service it provided to Mrs D, I find it fair for Kroo to pay her £200 compensation.

Putting things right

For the reasons mentioned above, I require Kroo Bank Ltd to:

- Pay Mrs D £200 compensation.

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 5 March 2026.

Lorna Wall
Ombudsman