

The complaint

Mr W complains Kroo Bank Ltd unfairly applied a Credit Industry Fraud Avoidance System ('CIFAS'- the UK's fraud alert service) marker against his name.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr W held a Kroo account and in January 2025 Kroo asked Mr W for proof of his entitlement to a payment of £230 that had been received. This incoming payment had been reported as fraudulent.

Mr W didn't respond at first but eventually explained the funds had been transferred in from another account in his name as he had sold some trainers. Mr W provided Kroo with evidence of this sale. After reviewing all the evidence Kroo didn't consider the information provided by Mr W to be sufficient and to prove his entitlement to funds. As a result, in June 2025 Kroo closed the account and loaded a CIFAS marker against Mr W for *'misuse of facility'*.

Mr W raised a complaint regarding the application of a CIFAS marker by Kroo. Mr W said the marker was affecting his ability to open accounts elsewhere and he had provided all the evidence he could to support his position.

Kroo assessed his complaint and in its final response letter dated 17 November 2025 it explained it had followed the correct process in adding the CIFAS loading, and it was unable to remove the marker.

Unhappy with the response, Mr W referred his complaint to our service. Mr W said he didn't reply to Kroo initially as he thought it was a scam message, and he had received the funds as he had sold 2 trainers on Snapchat. An Investigator looked into Mr W's complaint and gathered the relevant evidence. The Investigator didn't think the complaint should be upheld. The Investigator explained this was because:

- The loading of a CIFAS marker was fair, and Kroo had provided evidence to show the standard of proof had been met.
- Mr W's testimony and evidence wasn't sufficient in explaining the account activity and his entitlement to the funds.

Mr W didn't accept the Investigator's findings and maintained he had been treated unfairly. Mr W reiterated the marker was having a negative impact on his ability to access financial services.

As no agreement could be reached the complaint was referred to me – an ombudsman – for a final decision.

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 appreciate Mr W was disappointed by the Investigator's opinion. I'd like to reassure Mr W that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Kroo has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr W, but I'd like to reassure him that I have considered everything that he's told us.

As a UK financial business, Kroo is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Kroo needs to restrict, or in some cases go as far as closing, customers' accounts.

As part of its regulatory duties, businesses will use databases to share information. CIFAS is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. When a bank is a member of CIFAS, it can record a marker against a customer when that customer has used their account fraudulently. This type of marker will stay on a customer's record for a specific period, depending on the customer's age and will usually make it difficult for that customer to take out new financial products. CIFAS forms an important part of the financial services regulatory framework and is intended to assist in the detection and prevention of financial crime.

In order to file such a marker, Kroo is not required to prove beyond reasonable doubt that Mr W is guilty of a fraud or financial crime, but it must show that there are grounds more than mere suspicion or concern. CIFAS says:

- There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; and
- The evidence must be clear, relevant and rigorous such that the member could confidently report the conduct of the subject to the police.

What this means is that Kroo will need strong evidence to show that Mr W has used the account to receive fraudulent funds. A CIFAS marker shouldn't be registered against a customer who has acted unwittingly – there must be evidence of a deliberate fraudulent action. The application of a CIFAS marker can have serious consequences for an individual, so this service expects business to carry out a thorough review of the available evidence.

My role is to establish if Kroo has sufficiently demonstrated it has met the burden of proof set out by CIFAS to load the marker against Mr W. Kroo has provided this service with details of the investigation it carried out following the fraud report it received and Mr W's complaint. This included a detailed review of Mr W's account activity and testimony. When Kroo first

reached out Mr W didn't respond – he says this was because the query related to funds that came into his account from another account in his name and he didn't think this would cause concern for Kroo. I understand Mr W's comments, but Kroo reached out to Mr W twice about the funds and I think he had reasonable time to provide a response.

Mr W initially stated that he had sold two pairs of trainers, each for £115. Mr W said he was unable to fulfil one order, so he refunded £115. Mr W provided some screenshots of the chat he had with the buyer. However, Mr W couldn't provide substantive evidence to support his testimony – such as the full chat between him and this individual, with an agreement to sell trainers and then Mr W's agreement to refund £115. The lack of supporting evidence to corroborate his comments means I think Kroo acted reasonably in loading the marker against Mr W based on the evidence it held.

When Mr W referred the complaint to this service, the Investigator carefully considered Mr W's version of events and asked for more details. Mr W reiterated his stance and said the buyer had thought Mr W had scammed him as he hadn't sent the second pair of trainers. Mr W said this third party had been contacted and he had tried to retract his fraud claim with the bank. However, Mr W hasn't provided any evidence to support this, and the fraud claim remained. Mr W provided additional screenshots, but these remained unclear and didn't provide a full timeline of events. The Investigator didn't find this evidence persuasive, and I am also not persuaded the evidence supports Mr W's position.

Overall Mr W's comments and the supporting evidence don't allay the concerns regarding fraud and clearly show he is entitled to the funds. My review of this information, alongside the submissions made by Kroo to this service has led me to the same view reached by the Investigator. The evidence available equates to more than mere suspicion or concern of fraudulent activity. Kroo has also shared evidence in confidence with this service. Although I can't share this with Mr W, I can assure him that Kroo has provided clear and persuasive information which supports its decision to load the marker against Mr W.

After reviewing all the available evidence, I find that the marker was loaded fairly. It also follows that Kroo's decision to close Mr W's account was fair and in keeping with the account terms and conditions.

I appreciate Mr W will be disappointed with my decision, I hope it provides some clarity around why I won't be asking Kroo to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 April 2026.

Chandni Green
Ombudsman