

The complaint

Mr G complains that J.P. Morgan Europe Limited trading as Chase caused him to go overdrawn and placed a block on his account.

What happened

Mr G says that in May 2022 he withdrew £50 in cash from his Chase account. A few hours later, he found that his account had gone into an unarranged overdraft and he was unable to use his account until he brought it into credit. Mr G raised a complaint with Chase as he was unhappy that they allowed him to withdraw cash, knowing it would take him overdrawn.

In addition to this, around ten days later, Mr G saw multiple transactions leaving his account for £10.99, going to one company I'll call 'M'. He contacted Chase via the online chat function on the evening of 19 May and did not receive a resolution until the early hours of the 21 May. He says he tried to make a few payments, but these were declined.

Chase issued a final response in which it explained the unauthorised overdraft was caused by a pending transaction leaving the account following his cash withdrawal. And that the first 9 transactions to M were declined by M and the 10th transaction was declined by Chase for security reasons. Mr G referred the complaint to our service as he was not satisfied with Chase's response.

Our Adjudicator looked into the complaint and explained that there was a delay in Chase being made aware of a debit card transaction on his account. Because of this delay, the debit card transaction left the account after Mr G had withdrawn £50 in cash, which took the account into an unarranged overdraft. As this delay did not originate with Chase, they did not agree that Chase were at fault.

In relation to the transactions to M, the Adjudicator explained that the issue was caused by M carrying out a 'soft check' but none of the amounts actually debited the account. They also confirmed there was no block placed on the account. They did feel that there had been delays in Chase responding to Mr G and that they had given him incorrect information about the account being blocked. They recommended £50 compensation in light of this.

Chase did not respond to the Adjudicator's view. Mr G responded and provided a screenshot which he felt showed the pending card transaction left his account at the time of the purchase. He also provided evidence which he felt showed the payments to M did leave his account and he says these were only refunded after he contacted M. He also pointed to the live chat with Chase in which the advisor told him a fraud block had been placed on the account. Because of this, he did not feel the £50 was reasonable.

As an informal agreement could not be reached, the complaint has been passed to me 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.

Having done so, I agree that the £50 compensation recommended is a fair resolution to the complaint. I'll explain why in more detail.

I've firstly focused on the complaint about the unauthorised overdraft. Chase has explained that there was a known issue at the time with the processing system that is ran by a third-party company. This caused a delay in some payments being processed, and in Mr G's case one such payment was authorised almost two and a half hours before it was actually processed and the available balance on Mr G's account was updated. Because of this, the balance updated after Mr G had withdrawn cash from the account, which took it into the unarranged overdraft.

The terms and conditions of the account state: *When you make a debit card payment, we'll take the money from your account after we receive confirmation of the payment from Mastercard.* On balance, I'm satisfied this is what happened in Mr G's case, however the confirmation was delayed.

I have seen no reason to doubt what Chase has said about how the delay occurred and I think it's more likely this was not due to an error by Chase. Thankfully, Mr G was not financially disadvantaged in the sense that he did not incur any overdraft fees or charges as a result of the unauthorised overdraft. Considering all of the above, I don't direct Chase to take any steps to remedy this part of the complaint.

I've gone on to consider the transactions to M. There is a disagreement over what happened here. Chase now says that they did not place a fraud block on the account and any declined payments were down to the merchants needing to carry out a 'soft check' on the payments. They say that the statements for Mr G's account show that none of the £10.99 payments actually debited the account as they don't appear on it at all. And that while an advisor in the chat feature said a fraud check had occurred on the account, this was likely due to them reading a notice on the account incorrectly.

Mr G has provided a screenshot of his Chase app which appears to show two payments of £10.99 leaving his account. And he has pointed to the fact that the advisor told him a fraud check had occurred on his account which declined later payments.

Where there's a disagreement over what happened, I have to consider all the evidence available to me to decide what I think is more likely to have happened in the circumstances. I've looked at the statements for Mr G's account, and I can see there are no payments for £10.99 to M during the period in question, nor are there refunds from M for £10.99. However, I can see other examples of Mr G receiving refunds from merchants, and these do appear on his statements. Considering this, I think it's more likely the funds did not actually debit the balance of his account at the time.

I've considered if I think it's more likely a block was placed on the account. Looking at the account activity, I can see there were a number of transactions on 19 and 20 May 2022. If a block had been placed on the account, it would have been applied in the evening of 19 May and removed in the early hours of 21 May. However, on Mr G's statements it appears there were a number of transactions on 20 May which eventually ran the balance down to nil.

Looking at this, I think it's unlikely the account did have a block placed on it considering transactions were still occurring the following day. However, even if it were the case that the transactions actually occurred on 19 May and were not posted on the statement until the following day, which is possible, as the balance had been run down to nil I don't think Mr G was disadvantaged had a block been applied. As there were no funds that he was missing

out on accessing.

Even if I were to agree that a fraud block had been placed on the account, as this would be in the interest of protecting Mr G's account, and it would be in response to a series of transactions attempted on the account, I think it would have been reasonable. So, I would not have agreed it was an error made by Chase. Considering all of this, I don't agree there has been an error made by Chase in relation of the transactions to M or Mr G's access to his account.

I do acknowledge that Mr G was given incorrect advice by the advisor on the chat in relation to the payments to M. And that it took some time for Chase to provide this incorrect response. With this in mind, I think the recommendation of £50 compensation is fair in the circumstances. So, I uphold this complaint in part.

My final decision

I uphold this complaint in part and direct J.P. Morgan Europe Limited trading as Chase to pay Mr G £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 21 June 2023.

Rebecca Norris

Ombudsman