

The complaint

Mr R is unhappy after JP Morgan Europe Ltd trading as Chase decided not to refund him after he says he was the victim of an authorised push payment (APP) scam.

What happened

Mr R says he was contacted by someone via social media looking for an investment of £1,500 to make a return of £10,000.

Mr R made two payments from his Chase account on the same day to a named individual. The payments totalled £970.

Mr R says he tried to withdraw his funds and was told he couldn't without paying more. He thought at this point it was a scam and reported the payments to Chase. Chase has provided notes of its conversations with Mr R. These say:

- Mr R was promised the return of £10,000 within 45 minutes of making his payments
- He didn't know what platform the individual promising the returns was investing on.
- The individual who contacted him via social media was not known to him
- He was told the payees were the agents taking care of the money
- The individual sent them videos of bank accounts with £10,000
- When asked Mr R said he didn't check any other websites or carry out any other research on the individual or the claims being made about the returns

Chase declined to refund Mr R. It said Mr R didn't carry out any due diligence on the beneficiary and he didn't verify the payee details.

Mr R was unhappy with this outcome and brought the complaint to our service.

Two of our investigators ended up reviewing this complaint. In summary, they both said:

- They didn't think Chase had made an error by not preventing Mr R's payments.
- They didn't think the payments were unusual or suspicious, compared to Mr R's usual account activity or were of a high value.
- They also considered the online conversation Mr R had with the individual regarding the payments he made. Having done so they agreed that Mr R didn't carry out enough due diligence before proceeding with the payments and that there were several red flags about the individual's social media profile, their communication, a different name used as the payee to the person Mr R was communicating with and the company not having a website despite claiming to deal with large amounts of money that he ought to have thought this wasn't a genuine investment.

Mr R responded to say he wanted to take the complaint further. He didn't provide any further information as part of this request.

As the complaint couldn't be resolved it was 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 carefully considered everything I'm not upholding Mr R's complaint.

In broad terms, the starting position at law is that a bank, payment service provider or electronic money institution is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. And I have taken that into account when looking into what is fair and reasonable in this case.

I've considered whether there was anything about the circumstances surrounding the payments that could have put Chase on notice that they were being made as part of a scam. And I don't think there was

- The payments were individually, low in value, and even when considered together are still not high in value.
- Even when combined, they are not more than some of Mr R's other one-off payments or purchases on his account in the six months prior.
- Mr R has paid other named payees before, so the payment doesn't appear suspicious for this reason.

Overall, there isn't anything about these payments that ought to have given Chase cause for concern, that Mr R might be at risk of financial harm. I'm satisfied that it didn't need to intervene with the payments when Mr R authorised them.

I've also gone on to consider the terms and conditions of Mr R's chase account in place at the time he made the payments. These say:

A payment where you're tricked into sending money to a fraudster

This is where you:

Either intended to send money to a particular person, but you were tricked into sending money to someone else; or sent money to someone for what you thought was a genuine purpose, but which was actually fraudulent.

If you're at fault in some way If, taking everything into account when the payment was made, we find you should've known you were being tricked into sending money to a fraudster you won't get a refund.

Having considered these terms, I've considered Mr R's actions when deciding to make these payments. He's provided very little evidence in terms of his conversations and research that led to him making the payments. And I'm persuaded that's because he did very little research before deciding to invest. Furthermore, there were several red flags that this was very unlikely to be legitimate investment opportunity. These include:

- Being contacted via social media by an unknown person, with very few followers or posts to show credibility or experience.
- No website or other content they could refer Mr R to, other than returns into other bank accounts, which don't appear to have been verified.

- Too good to be true investment returns with no clarity about how this is achieved, what is being invested in and how such quick and profitable returns can be made.
- Paying different payees, and not the person Mr R was dealing with on social media.
- The language used by the individual in their opening contact with Mr R wasn't professional or detailed about the investment and the terms of the payments.

All of the above points, ought to have caused Mr R to stop and consider if the offer was in fact genuine. And by proceeding with the payment in light of the above, I don't think Mr R would be entitled to a refund under Chase's terms and conditions. I think Mr R ought reasonably to have known this wasn't a genuine investment opportunity.

So overall I'm not recommending that Chase refund Mr R for his losses here.

My final decision

I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 February 2024.

Sophia Smith
Ombudsman