

## The complaint

Miss P holds a savings account with J.P. Morgan Europe Limited, trading as *Chase*. She also has accounts with a payment company and a UK bank.

In December 2022, some fraudsters contacted Miss P and told her a fake story that her accounts with Chase, the payment company and the UK bank had all been “*compromised*”. They gained control of her payment company account and persuaded her to transfer over £27,000 into it from her Chase account. They stole all of this money.

Miss P thinks that Chase should have stopped her sending the money to the account with the payment company. It didn't, so she wants it to refund her all the money the fraudsters stole.

## What happened

The fraudsters originally contacted Miss P by text message and then spoke to her on the phone several times. They falsely claimed to be from the payment company itself and told her they were checking up on a payment from her account with the payment company, which they said looked unusual.

The fraudster's whole story was false. But they used sophisticated lies, such as fake security checks, to convince Miss P they were genuine. They managed to change the password for her payment company account, so that they could control it. They persuaded Miss P that in order to keep the money in her Chase account safe, she should send several payments to the payment company account. They said that once everything was secure, they would send the money back to her, which they never did.

In all, Miss P made five payments to the payment company account at the fraudster's behest. I have provided a few details of each payment in the following table. I have rounded all values to the nearest £pound. Miss P made all these payments on the same day in December 2022.

Payment number	Time	Amount
1	09.09	£5,239
2	09.12	£6,176
3	09.15	£6,140
4	09.17	£6,103
5	09.20	£4,122
<b>Total:</b>		<b>£27,780</b>

When Miss P complained directly to Chase, after some correspondence, it agreed to refund her half of the money she had lost (£13,890, to the nearest £pound), which I understand it has since paid to her. Later on, it also offered an additional £75 for any distress and inconvenience she had suffered, but initially it didn't send her this additional payment.

When Miss P brought her complaint to us, one of our investigators looked into it and recommended that Chase should add interest to the refund and pay her the further £75 it had previously suggested for distress and inconvenience.

Chase accepted the investigator's recommendations and I understand that it has since sent the additional money to Miss P. But Miss P disagreed with the investigator's findings. She's told us that she thinks Chase should refund her all the money she lost. She's asked for her case to be reviewed. So, it has come to me as an ombudsman to decide what the outcome should be.

### **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.

Firstly, I would like to say how sorry I am to hear about what happened to Miss P at the hands of the fraudsters. Frauds can be very upsetting. And as well as losing out financially, I gather that Miss P was very distressed by the awful experience she suffered. She has my heartfelt sympathy.

Miss P has told us that one of the reasons she thinks Chase should refund her all the money she lost is because she *"did not authorise the transactions due to not knowing she was talking to a scammer"*.

While I fully understand Miss P's point of view, I disagree with her that she didn't authorize the payments. She made them using Chase's online payment process from its *App* on her phone. I fully accept that she only did this because of the lies the fraudsters had told her, but by doing so, she authorised the payments and sent Chase instructions to make them on her behalf. Frauds of this type, where fraudsters con their victims into sending money on false pretences, are often called Authorised Push Payment (APP) frauds.

While banks and payment service providers are normally expected to act on their customers' instructions, APP fraud is a significant concern in the finance industry. At the time this fraud took place, I would have expected Chase to be looking out for anything noticeably unusual in the payments its customers were making. And if it saw anything suspicious about a

payment, or a pattern of payments, I would have expected it to check with the customer concerned before proceeding.

The pattern of payments 1 to 5 was certainly unusual for Miss P. In the period leading up to the fraud, I understand that the highest value payment she had made was for less than half the amount of payment 1, and that this payment had been to another savings account she held. And Miss P had not previously used any of the payment references the fraudsters used. As the fraud progressed, she paid out what was an unprecedented sum for her in around 15 minutes to new destinations. It seems to me that Chase should have contacted Miss P, probably at the time of the first payment.

Chase has told us that it sent various warning messages to Miss P about the risk of fraud. But these warnings seem to have been general and not to have really covered the situation in which Miss P found herself. Although they certainly could have been helpful and were well-intended, I don't think that on their own they were sufficient for the circumstances.

Although Chase initially said that there had been no "*bank error*" in this case, when it subsequently agreed to refund Miss P half of the money she lost, it seems to have accepted that it should have intervened more robustly. Had it done so, I think it could have stopped the fraud. So, it should take some liability for Miss P's loss.

However, consumers also need to take some responsibility for the way they use their financial accounts and the decisions they make about them. As already mentioned, I'm satisfied that Miss P authorized the five payments and it also seems to me that there were several other events that only she (not Chase) knew about, which should have alerted her to what was happening. For example:

- Although the fraudsters were able to falsify (or "*spoof*") the phone number they used to call Miss P, so that it looked like it belonged to the payment company, early on in the fraud they also gave her a number to call them on, which did not belong to the payment company and would have been relatively easy for Miss P to check.
- Quite early on in the fraud the (genuine) payment company seems to have sent Miss P a message to say that someone had changed her password. This could have alerted her that something was wrong, as there was no reason for such a change, and she hadn't made it.
- Although the fraudsters told Miss P that her Chase account (and her other UK bank account) had been compromised, there was no evidence that this had actually happened.

It therefore seems to me that the current situation, where Miss P and Chase have each borne half the cost of Miss P's loss, and Chase has (correctly) added interest to the refund it has given her, and made a payment for distress and inconvenience, is a fair outcome.

### **My final decision**

For the reasons I have set out above, I think that the money J.P. Morgan Europe Limited, trading as Chase, has already paid to Miss P is fair compensation for not keeping her account secure from fraudsters. I am not going to tell it to give her any more money back.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 14 February 2024.

Steve Townsley  
**Ombudsman**