

## The complaint

Miss S is unhappy that J.P Morgan Europe Limited, trading as Chase, has decided not to refund her in full, after she was the victim of a safe account scam.

## What happened

Miss A was contacted by someone who she thought was calling from the fraud department at Chase. She was told her card had been copied and was being used to make purchases. Miss A says she received texts that appeared in a chain of messages she'd previously received from Chase. She was told she needed to move her money to a safe account in her name.

Miss A made two payments of £20,000 and £4,000 respectively. When making the payments she selected "moving my money" as the payment purpose. Chase says it provided Miss A with an on-screen warning when Miss A initially added the payee. The warning said *Before you add this payee, we'll never call and ask you to move your money to keep it "safe". This is a scam. Fraudsters can pretend they are us, other organisations, the police or a loved one to panic you into moving money to an account they control.*

There was no confirmation of payee at the time Miss A made the payment so she couldn't verify the account name the payment was being made to.

Miss A called Chase when making both payments, as they were initially blocked by the bank. I've summarised the conversations below.

Miss A calls Chase following the £20,000 payment being blocked. Miss A was asked for the payment purpose. Miss A said the account she was moving the money to was "more mainstream" and she wanted money in that account as she used it more often. She was also asked if any further transfers were expected to that account, to which Miss A said no. Then Miss A was asked to confirm that she hadn't been contacted or instructed to move her funds to a safer account as hers was under attack – to which she said no. A script was then read, saying; if the payment turned out to be a scam the bank would unlikely refund her. Finally, there is reference to further information on scams which could be found on Chase's website. The second payment of £4,000 was also initially stopped by Chase. When Miss A called Chase, she's asked if she was being instructed to move money to a safe account or that her account was under attack. The rise of scams is mentioned but no further detail of safe account scams is discussed. When asked what the payment purpose is Miss A says she was moving it to her main account. Chase said it's Miss A's responsibility to carry out due diligence on the person she was paying.

Miss A realised it was a scam when the caller had promised to call her back and didn't. She then reported the incident to Chase. It decided not to refund her in full.

Chase offered to refund Miss A £150 – which is the amount it says it could have recovered if it had acted sooner, after she reported the scam.

Miss A was unhappy with the way in which Chase contacted her regarding the outcome of her scam claim. This left her feeling anxious and distressed.

Chase's terms and conditions in place at the time said:

## 10. Refunds and help

### Refunds

*You'll generally get a refund for a payment if you have any of the problems set out below, unless you've been fraudulent, in which case no refund will be provided.....*

*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*

One of our investigators looked into things. They said Miss A should receive a refund under Chase's terms and conditions. The terms set out that Miss A was entitled to a refund unless she should've known she was being tricked. The investigators view and outcome were thorough, and I have referred to the additional details, covered in her findings, below. The investigator considered the sophistication of the scam, including that;

- The caller knew her full name and date of birth,
- The caller talked her through a caller verification process,
- She was sent a profile from a well-known professional network – from the caller showing they worked at the fraud department within Chase
- She was then sent a text message which appeared in a chain of genuine messages she received from Chase
- The caller said to expect questions and how to answer these and they knew which questions she would be asked
- She questioned what she was doing she was told her phone had been hacked and the hacker would be able to hear any conversation she had with Chase about the payments being stopped. She was told to answer the questions as directed as to avoid the fraudsters accessing her funds.

The investigator went in to say Chase intervened with the £20,000 payment which was out of character for Miss A, but didn't go far enough during this intervention. When asked for the payment purpose she said she was moving money to another account in her name because it was "more mainstream" so wanted her money in that account. Chase asked whether she'd been instructed to transfer her funds to a safer account, but it didn't ask further questions at this stage or provide any warnings about safe account scams. She was also asked if she would be making any further payments to that account that day – Miss A said she wouldn't be. But later the same day she made a further £4,000 payment. Miss A explained the transfer was to her main account, although the investigator considered that her Chase account received her wages and appeared to be used for everyday spending. She thought Chase ought to have considered these actions as unusual and asked further questions, considering it also had stopped the earlier larger payment. Miss A didn't believe that Chase members of staff were involved in the threat to her funds. So if given a better warning the investigator didn't think Miss A would have ignored this.

The investigator concluded that Chase should refund Miss A in full, plus pay 8% simple interest from the date of the payments to the date of settlement. She thought the offer to

refund the £150 it could have recovered was fair, and said this amount could be deducted from the refund she was recommending.

The investigator went on to make a £100 award for compensation. Chase's delivery and delayed outcome did not take into account Miss A's personal circumstances at the time and the amount of money that was lost to this scam.

Chase responded to say it didn't think it should be held fully accountable for Miss A's losses. It says it *"did alert both transactions and believes Miss A should have completed some form of due diligence"*.

It went on to say Miss A confirmed no-one told her to make the payment, but this was not accurate, and she was told to lie to Chase. It said it would never ask a consumer to move their money and this should have been a red flag.

As Chase asked her if she'd been told to move her money and she answered no, it wouldn't go on to give a safe account warning. It said there are many types of scams, but if Miss A wasn't truthful, it wouldn't know she was being scammed and could not give relevant advice or warnings. And it deals with a large volume of calls a day and couldn't be expected to review each customers spending and challenge this.

The investigator considered Chase's responses but decided these didn't change her opinion or the recommendation she'd made. She concluded that having listened to the calls Miss A said she was making a payment to an account in her own name, and she thought this ought to have prompted Chase to give a safe account warning, given this was a new payee and was an unusual and high value payment. Being advised she wouldn't get her funds back if it was a scam, was not sufficient in this instance. She went on to say; that simply asking if anyone had told her to move her funds, was not proportionate in the circumstances, and it isn't enough for Chase to fairly say it gave Miss A, a scam warning. Scammers often give consumers a cover story and Chase ought to have been aware of that. And given the unusual nature of the transactions Miss A was making, and the fact that Chase spoke to Miss A twice that day, it ought to have considered what she'd said in the first call, when questioning her and assessing any risk in the second call.

Ultimately, she concluded Miss A should receive a full refund.

Chase disagreed and asked for a final decision. The complaint has been passed to me to consider.

### **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've reached the same conclusion as our investigator. And for largely the same reasons.

I'm satisfied Miss A 'authorised' the payments for the purposes of the Payment Services Regulations, PSRs, 2017, in force at the time. So, in broad terms, the starting position is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the PSRs and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

There's no dispute that this was a scam, but although Miss A didn't intend her money to go to scammers, she did authorise the payments. Chase is expected to process payments and

withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

The payment did flag as suspicious on Chase's systems and Miss A was required to contact it before the payment was released. In this instance Chase didn't detect that the payments were being made to a scam.

However, Chase's terms and conditions state that *"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"*. So, I've considered whether Miss A should have known she was being tricked when she made the payment. Here, I agree with the investigators' findings – that in this instance I don't think Miss A should have known, she was being scammed.

I say this because the tricks used by the scammers here were sophisticated – the details of which were set out in the investigators' findings, so I won't repeat them here. As they are detailed in the background of the complaint.

I've listened to the intervention calls, and I accept that Miss A wasn't open about the purpose of the payment. But she has explained that the scammer told her how to respond to the questions she would be asked. And she said the callers' pre-emptive knowledge of the questions she would be asked, added to the overall impression that she was genuinely speaking with Chase.

I accept this meant that it would've been more difficult for Chase to have detected a scam. But it's well-known that scammers convince consumers to lie about the purposes of the payment in order to avoid such detection. I'm not considering here whether Chase's intervention was proportionate, as I don't need to. But I have considered if Chase's intervention meant that Miss A ought to have known she was being tricked.

I'm satisfied that Miss A trusted what she was being told by the scammer and that she thought it was necessary to protect her money. Chase offered to provide additional information about scams, and asked some questions linked to safe account scams. But there is no discussion about what safe account scams might look and feel like, what techniques scammers use to impersonate bank staff and in general the persuasive techniques and technology scammers use to convince consumers they are genuine. Miss A wasn't directed by Chase on how she might look out for this type of scam or what she could do to protect herself. And she wasn't probed any further on the reason for the payment. So, in the circumstances, while I accept Chase did ask some relevant questions and Miss A wasn't truthful, I don't think it was enough to alert her that she was being tricked into sending money to a fraudster.

Expecting Miss A to complete her own due diligence is not part of Chase's terms and conditions. And if she wasn't put on notice that this could be a scam (with the points I have already made about what these scams might look and feel like), then I wouldn't have expected Miss A to do more than she did in this instance. The scam here was particularly sophisticated and convincing given the techniques the scammers used to reassure Miss A she was genuinely speaking with Chase.

Chase has provided a screenshot of an on-screen warning it says was displayed to Miss A at the time she added the new payee. I haven't seen any evidence that satisfies me that she received this warning or interacted with it. But even if Chase can provide that evidence, I'm not persuaded it's enough to say Miss A should've known she was being tricked. The

warning does provide some features of a safe account scam but doesn't bring to life how scammers trick consumers in these situations.

Overall, I'm satisfied this was a sophisticated scam and, taking everything into account, including the fact Miss A didn't know about the risk of safe account scams, I'm not persuaded she should've known she was being tricked. Because of this, I agree with our investigator that Chase should refund the money Miss A lost to the scam.

I also agree that compensation is warranted here. Chase's final response does not make it clear why it was only offering a partial refund. And there is no apology for the delay and points she raised around its customer service – only to acknowledge it. And the delivery of the outcome had a particular impact on her personal and professional circumstances at the time, which Chase hasn't taken into account. I agree with the £100 compensation recommended by the investigator.

### **Putting things right**

For the reasons I've outlined above, my final decision is that J.P. Morgan Europe Limited trading as Chase should refund Miss A £24,000 minus the £150 it has already refunded, plus 8% simple interest\*, per year, from the respective dates of loss to the date of settlement.

And it needs to pay £100 in compensation to Miss A.

### **My final decision**

I'm upholding Miss A's complaint against J.P. Morgan Europe Limited trading as Chase and I now direct it to make the payment as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 19 April 2024.

Sophia Smith  
**Ombudsman**