

## **The complaint**

Miss B complains J.P. Morgan Europe Limited (Chase) won't refund all the money she lost when she fell victim to a scam.

## **What happened**

In early 2023, Miss B started investing with a company I'll refer to as N – having seen and responded to an advert for them. Unfortunately, it seems N were actually operating a scam.

At the scammer's behest, Miss B set up an account with Chase. Throughout March 2023, she sent almost £95,000 from her Chase account to a recipient I understand she thought was crediting the funds to her trading account with N.

The funds were sent to Chase from another bank account Miss B held. Most were funded by loans which the scammers guided her through the process of taking out. She was told to put the loan purpose as home improvements, and says the loans were acquired using false income information.

Around May 2023, Miss B told Chase she thought she had been scammed. I understand this is because N told her she needed to pay more funds, and when she didn't her account was suspended. Chase then contacted the recipient bank to see if any funds remained, but wasn't able to recover anything.

Miss B then complained to Chase that it should have done more to protect her when she made these payments. It agreed to refund half of her loss, but not the full amount. Unhappy with this offer, Miss B referred the matter to our service.

Our investigator looked into the complaint and thought Chase's offer was fair. They thought Chase should have intervened on the second scam payment. But they also thought Miss B held some liability for her loss. Overall, they considered the 50% refund fair.

When Miss B appealed, the investigator looked into things further – and concluded that Chase couldn't reasonably have been expected to prevent Miss B's loss. In summary, they noted Miss B expressed concern in her contact with the scammers. They also thought N's directions about what to tell the lender ought to have prompted concern. Had Chase questioned Miss B, they thought it likely she would have followed the scammer's instructions on what to say about the payments – as she did with the loans.

Miss B has appealed the investigator's outcome, so her case has been passed to me to decide. She says she completed due diligence before investing. And if Chase had contacted her, she would have been aware of the scam earlier.

## **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 with the conclusions reached by the investigator. I'm not persuaded Chase needs to refund Miss B's outstanding loss. I'll explain why.

While Miss B has said the payments were made by the scammers using remote access software, it's clear from what she's told us/provided that she was aware of, and agreed to, the payments. Banks have a contractual duty to make payments in compliance with customers' instructions.

However, taking into account longstanding regulatory expectations and good practice, I think Chase should fairly and reasonably have been on the look-out for the possibility of fraud or scams and have taken additional steps, or made additional checks, before processing payments in some circumstances – as in practice all banks, including Chase, do.

Chase also includes details in its terms and conditions about when it will refund authorised payments. Relevant here is that it says it will refund a payment where the consumer is tricked into sending money to a fraudster. But that is subject to the following caveat:

*"If, taking everything into account when the payment was made, we [Chase] find you should've known you were being tricked into sending money to a fraudster you won't get a refund."*

Looking at everything we've been provided with, at the time of these payments, I do think Miss B should have known she was potentially being tricked. She says she looked up N and found it to be legitimate. But when her partner ("S") looked up the company/investment details around the time of the second payment, which was less than two weeks after the first, it appears he/they found concerning information online. As Miss B sent a message to the scammers which said:

*"Can you possibly send me an overview of the scheme in writing please so [S] can read it? He's got all sceptical this evening after googling and is now making me worry too"*

That suggests if Miss B had looked into N before investing, she would have found information online which would have raised concerns about their legitimacy. She also continued paying N significant amounts after being made aware of these concerns.

Furthermore, I think N's actions ought to have caused Miss B concern. They directed her to take out a very high amount of borrowing – and to give false reasons to the lenders about why she needed the money, as well as giving false information about her income in order to obtain these loans.

Miss B has also told us N directed her to put the payment reference as home improvements when transferring the funds into her Chase account *"so that it wasn't flagged up by the bank as a scam"*. That also matches the information I've found from contacting the originating bank. It spoke to Miss B about the transfers on two occasions, and she confirmed the payments were for home improvements – saying that was what she had set up the Chase account for.

I think being asked to lie to multiple financial institutions ought to have given Miss B cause for concern about N's legitimacy. I don't think a genuine trading firm would plausibly have asked her to be dishonest to these companies.

With all of this in mind, I don't think Miss B is automatically entitled (under the account terms) to a full refund. And I'm conscious Chase has already refunded half of her loss. But I've also looked more widely at whether there are any other reasons why it ought to refund more than it already has.

I'm satisfied by Chase's evidence that it reached out to the recipient account provider when Miss B first reported the scam – but didn't receive a response. In those circumstances, I don't think it missed an opportunity to recover the funds.

However, Chase itself admits it ought to have done more to protect Miss B. It says this is why it has agreed to a 50% refund – as if it had flagged the payments, it *“may have prevented further funds being lost by having the correct conversations with Miss [B]”*.

I agree with our investigator that, while the first payment wouldn't reasonably have looked particularly concerning to Chase given its amount, the second payment – at almost £10,000 – arguably ought to have been identified as presenting a fraud risk. So, I think Chase probably should have spoken to Miss B at this point about what she was doing.

Given what Miss B has told us about the coaching from the scammers on what to tell the lenders and her other bank, I agree with the investigator it seems likely Miss B would have been further guided on what to tell Chase, to avoid the scam being detected. It's therefore unclear intervention by Chase would have succeeded in uncovering the scam and preventing Miss B's further losses.

Regardless, even if it would have done, I still think Miss B would fairly hold some liability for her loss. That is for the reasons I've set out above about why I think she ought to have had concerns about N's legitimacy. In those circumstances, given that Chase has already refunded 50% of Miss B's loss, I'm not persuaded it would be fair to direct it to refund anything further.

I have considered what Miss B has told us about her circumstances at the time of the scam. I'm sorry to hear about the difficult circumstances she was in, and I don't doubt she was taken advantage of by the scammers. But overall, I do agree with our investigator that it wouldn't be fair to expect Chase to refund her in full. That is because it's unclear its failings caused, or contributed to, her losses. And taking into account Miss B's circumstances, I do still think there is reason to conclude she holds some liability for the loss.

Having carefully considered all the circumstances, I'm not persuaded it would be fair to direct Chase to reimburse Miss B for more of her loss.

### **My final decision**

I've decided J.P. Morgan Europe Limited doesn't need to do anything else to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 13 June 2024.

Rachel Loughlin  
**Ombudsman**