

## The complaint

Mr S complains that J.P. Morgan Europe Limited, trading as Chase, won't refund the money he lost when he was the victim of a scam.

## What happened

In late 2022, Mr S was looking for work and had signed up with a number of recruitment agencies and job listings websites. He was then contacted by someone who said they worked for a recruitment agency and asked if they could pass his details on to a digital marketing company that was hiring. Mr S agreed and was then contacted by someone who said they worked for the marketing company.

This person explained that the job involved completing tasks to optimise data for clients of the marketing company, and that Mr S would earn commission on each task he completed. Mr S was shown how to set up an account on the marketing company's platform and then make payments to the platform using cryptocurrency, to fund the tasks he would complete.

Mr S then made a number of payments from his Chase account to purchase cryptocurrency, which was then sent on to wallet details he was given for the marketing company. I've set out the payments Mr S made from his Chase account below:

Date	Amount
17 November 2022	£80
19 November 2022	£1,201
19 November 2022	£612
20 November 2022	£351
20 November 2022	£3,301
20 November 2022	£6,500
24 November 2022	£4,001
24 November 2022	£5,001
25 November 2022	£6,001
28 November 2022	£3,001
28 November 2022	£10,001
28 November 2022	£10,451
3 December 2022	£5,001
3 December 2022	£7,001
4 December 2022	£5,001
4 December 2022	£6,501
9 December 2022	£3,001
9 December 2022	£6,000
9 December 2022	£900

Unfortunately, we now know the marketing company was a scam.

After the scam was uncovered, Mr S reported the payments he had made to Chase and asked it to refund the money he had lost. Chase investigated but said it had contacted Mr S

about several of the payments and he had confirmed they were genuine. It said it had followed all the correct processes, so it didn't agree to refund the payments. Mr S wasn't satisfied with Chase's response, so referred a complaint to our service.

I sent Mr S and Chase a provisional decision on 1 February 2024, setting out why I was intending to uphold the complaint in part. An extract from my provisional decision is set out below:

*"Banks are expected to make payments in line with their customers' instructions. And Mr S accepts he made the payments here. So while I recognise he didn't intend for the money to ultimately go to scammers, he did authorise the payments. And so the starting position in law is that Chase was obliged to follow his instructions and make the payments. So Mr S isn't automatically entitled to a refund.*

*However, the regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Chase should fairly and reasonably:*

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.*
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.*
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

*And so I've also considered whether Chase should have identified that Mr S was potentially at risk of financial harm from fraud as a result of any of these payments and did enough to protect him.*

*Did Chase do enough to protect Mr S?*

*The first few payments Mr S made from his Chase account as part of this scam weren't for particularly large amounts, and didn't leave the balance of his account at a particularly unusual level. So I wouldn't have expected Chase to identify that he could be at risk of financial harm as a result of these payments. And I don't think it's unreasonable that Chase didn't take any further steps or carry out any additional checks before allowing these payments to go through.*

*But when Mr S tried to make the sixth payment here, for £6,500 on 20 November 2022, I think Chase should have identified that he could be at risk of financial harm. This payment was for a significantly larger amount than any other payment made out of Mr S's account in the previous months. And at this point, Mr S had made a number of payments to a cryptocurrency exchange over the previous few days, with the amounts increasing each day, which matches a pattern of payments often seen in scam cases. So I think Chase should have intervened and carried out additional checks before allowing this payment to go through.*

*While Chase didn't intervene before this payment, it did intervene and speak to Mr S before some of the later payments. So I've taken the interactions it had with Mr S when it did intervene into account when deciding whether I think it did enough to protect him. But, based on what Chase has sent us of the calls it had with Mr S when it did intervene, I don't think it did do enough.*

*Chase's records of the calls it had with Mr S show it asked him what the payments were for and was told he was sending money to a cryptocurrency exchange for an investment. But it doesn't appear to have asked any questions beyond this, and I don't think these questions go far enough to address the concerns I think Chase should have identified.*

*Given the size of the payment he was trying to make, and that he'd been making a number of payments to the exchange over the previous days in increasing amounts, I think Chase should have asked more probing questions about the investment Mr S thought he was making, where he found out about it and what returns he was supposed to be making.*

*Mr S said the payments were for an investment. But as there was an investment element to the job he was told he was doing, I don't think it was unreasonable for him to say this is what the payments were for or that this suggests he would have tried to mislead Chase if asked further questions. So, if Chase had asked further questions about the payments, I think it would have found out that Mr S thought he was paying in cryptocurrency to fund tasks he needed to complete as part of a job. And I think it would have found out that he was being asked to pay thousands of pounds to funds this work, and that the returns he was told he was making were suspiciously high for this kind of work. And I think Chase should then have had significant concerns and explained to Mr S that he was likely the victim of a scam.*

*And as Chase is the expert in financial matters in this situation, I think its concerns would have carried significant weight with Mr S. I think if Chase had explained that his circumstances matched common cryptocurrency job or investment scams and given him some steps he could take to check whether it was legitimate, the scam would have been uncovered and Mr S wouldn't have made any further payments towards it.*

*So if Chase had done more to protect Mr S before allowing the sixth payment, as I think it should have, I don't think Mr S would have lost the money from this payment or any of the later payments. And so I think it would be reasonable for Chase to bear some responsibility for the loss Mr S suffered from that point on.*

*Chase has said that the payments went to an account with the cryptocurrency exchange in Mr S's own name, which he had access to and control over, and his loss then occurred from there. So it doesn't think it should be held responsible for his loss and the responsibility should be with the cryptocurrency exchange. But, as I explained above, I think the regulatory landscape and good industry practice places a responsibility on Chase to protect its customers. And I don't think this responsibility disappears just because payments are sent on to another account the customer also has access to. I don't think the burden being placed on Chase is unreasonable here, as I think it could have uncovered the scam by asking reasonable probing questions. So I still think it would be fair for Chase to bear some responsibility here.*

*Should Mr S bear some responsibility for his loss?*

*I've also thought about whether it would be fair for Mr S to bear some responsibility for his loss.*

*I appreciate this was a sophisticated scam, where Mr C was initially contacted by someone who claimed to be from a genuine recruitment company. And as he had been looking for*

*work, I don't think it's unreasonable that this contact didn't seem suspicious to him. Mr S also met one of the scammers in person, which I think will have made the job seem genuine. The scammers had set up a professional-looking platform he could log in to in order to view his tasks and see the commission he was making. And the scammers sent a number of cryptocurrency payments back to him, to make it seem like he was receiving payments, which I think will also have made the job seem genuine. So I think it's reasonable that Mr S initially thought the job was genuine and I don't think it was unreasonable for him to make the first few payments he did.*

*But by the time he tried to make the sixth payment here, for £6,500 on 20 November 2022, I think there were a number of things about what was happening and what he had been told that should have caused him significant concern.*

*From what I've seen of his communication with the scammers, I don't think the explanations Mr S was given about the work he would be doing, why he needed to pay for it in advance, or why the money needed to be sent in cryptocurrency, were particularly clear. And I don't think Mr S had a particularly clear understanding of these things either. And while it may have been reasonable for him to make some of the smaller initial payments, at this point he was sending the marketing company a significant amount of money. And I think it would be reasonable to expect Mr S to have made sure he got a more thorough explanation and clearer understanding of these things before sending this amount of money.*

*Mr S was told he had earned a significant amount of money in only a few days, which I don't think was plausible. And the amount he was told he had earned and could continue to earn was very high for what appears to be relatively little and relatively straightforward work. So I think this should have caused Mr S significant concern that what he was being told was too good to be true.*

*Mr S had also been told at this point that some of the tasks he had been given to complete were worth more commission to him than others, but that he had to pay significantly more money in before he could complete these tasks and he couldn't be paid any of the money he had earned for completing previous tasks until he did so. The allocation of these tasks to him was also out of his control and seemingly random. And I think work being allocated in this way and him being required to pay such significant amount to complete it, or even be paid for other work he had done previously, isn't how I would expect a genuine employer to operate. So I think this should also have caused Mr S significant concern about whether what he was being told was genuine.*

*I sympathise with the position Mr S has found himself in. But I think there were a number of things here which should have caused him significant concern, and I don't think he did enough to satisfy those concerns or that the seemingly genuine parts of the scam should have been enough to overcome them. So I think it would be fair and reasonable for him to bear some responsibility for the loss he suffered.*

*I therefore think both Mr S and Chase should bear some responsibility, and so it would be fair for Chase to refund 50% of the money Mr S lost – from the sixth payment onwards.*

*Our investigator said that this refund should be reduced by the value of the withdrawals Mr S was able to make from the marketing company's platform. But all these withdrawals were made before the sixth payment was made, and so before the payments I think should be refunded. And so I don't think it would be fair to deduct the value of these withdrawals from the refund I think Chase should make.*

*Customer Service*

*Mr S has also said he is unhappy at the customer service he received from Chase while making his claim. And from the correspondence between him and Chase I can see he got in touch a number of times wanting updates on his claim, and that there was some confusion about whether his case had been closed and was being re-assessed. So I think there are areas where the customer service he received from Chase could have been improved.*

*But Chase appears to have acknowledged or responded to the contact Mr S made with it, and it ultimately provided a response to his claim within a reasonable period of time. And so I don't think the distress and inconvenience Mr S was caused by Chase's customer service was significant enough to warrant an award of compensation here."*

I said I'd consider anything further Mr S and Chase sent in following the provisional decision, provided it was received by the deadline given.

### **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.

Both Mr S and Chase responded to the provisional decision before the deadline given, and so I am now able to come to a final decision.

Chase responded to the provisional decision saying it agreed with the outcome, and it didn't provide any further evidence or arguments to be considered.

Mr S responded saying he didn't disagree with the outcome but also wanted to mention a couple of points, which I will address below.

He argued that Chase should have to refund the sixth payment to the ninth payment in full, rather than the refund for these payments being reduced by 50%, as it should have acted sooner to call about the payments and ask what they were for. But while I agree that Chase should have done more to protect Mr S before allowing these payments, I still think it would be fair for him to also bear some responsibility for his loss. As I explained in the provisional decision, I think there were a number of things about what was happening and what he had been told that should have caused him significant concern. And so, while I appreciate that he was the victim of a sophisticated scam, I still think the refund for these payments should be reduced by 50%.

Mr S also said he took out a high-interest loan with another bank to help with payments during the scam, and that this has left him in a difficult financial position. He asked if anything can be done with the interest rate awarded on the refund in the provisional decision, which was 8% simple interest. But this 8% interest rate is our standard award where a consumer has lost money as a result of a scam. I haven't seen anything to suggest Chase should have been aware Mr S had taken out this loan at the time of the scam. And it was ultimately Mr S's decision to take out the loan in order to pay more money to the marketing company he thought he was working for. So I still think the 8% simple interest awarded on the refund is fair in these circumstances.

As neither Mr S nor Chase submitted any further evidence or arguments in relation to the other conclusions I came to in the provisional decision, I still think these findings I made are correct – and for the same reasons.

I therefore still think both Mr S and Chase should bear some responsibility for the loss he suffered, and so it would be fair for Chase to refund 50% of the money Mr S lost – from the sixth payment onwards.

### **My final decision**

For the reasons set out above, I uphold this complaint in part and require J.P. Morgan Europe Limited, trading as Chase, to:

- Refund Mr S 50% of the money he lost as a result of this scam, from the sixth payment onwards – for a total of £39,180.50.
- Pay Mr S 8% simple interest on this refund, from the date of the payments until the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 March 2024.

Alan Millward  
**Ombudsman**