

The complaint

Mr B complains that J.P. Morgan Limited trading as Chase ('Chase') won't refund the money he lost when he fell victim to a scam.

What happened

Mr B says that he received a call from someone who said they were from the Financial Conduct Authority (FCA) about his Chase account as part of an investigation into staff members at Chase. He didn't know it at the time, but Mr B was talking to a scammer. The scammer told Mr B that his account had been hacked, a direct debit set up and that a phone he didn't own was linked to his Chase account. Mr B was told someone at Chase was causing the problems and the FCA wanted his help to identify who this person was.

Mr B says the number he was called from matched that of the FCA and that the scammer knew some personal details about him. He also received messages that appeared in his usual thread of Chase messages. To protect his funds Mr B was urged to act quickly to transfer his funds to a temporary safe account while his Chase account was secured. Mr B was advised that the Chase fraud team might ask him questions about the transaction and told him what he should say in response to ensure the payment went through.

On 26 October 2023 Mr B transferred £4,315 to the account details provided to him by the scammer. Mr B was required to speak to Chase about this transaction before it was processed. In this call the Chase advisor said she just wanted to make sure that Mr B didn't receive any calls or texts telling him that he needed to move money to a safe account or that his Chase account was under attack. Mr B said that nothing like that had happened. When asked the purpose of the payment, Mr B said it was a part payment to buy materials for an apartment refurbishment and that work was in progress. He was asked how he found the builders and said he played football with someone who worked there.

Later that evening Mr B became concerned when he was asked to transfer funds from another account and called Chase. Chase was able to stop a second transaction of £2,003.79. While he was on the phone to Chase the scammer called Mr B on a different line. Without telling the scammer what he was doing, Mr B put the call on speaker so that his conversation with the scammer was recorded by Chase.

After reviewing Mr B's claim, Chase didn't agree to reimburse his loss. It said that it correctly intervened and asked appropriate questions about the reason for the payment and provided scam warnings, but Mr B didn't provide correct information in the call. Mr B had advised he was making the payment himself, his account wasn't under attack, and that he hadn't been asked to move funds to a safe account. Instead, Mr B advised the funds were for renovation work and that he knew the builder through someone he played football with.

Mr B was unhappy with Chase's response and brought a complaint to his service.

Our investigation so far

The investigator who considered this complaint recommended that it be refunded in full. She considered Chase's terms and conditions which say that a customer who is tricked into making a payment will receive a refund unless they should have known they were being tricked into sending money to a fraudster. The investigator went on to say that the fraud was sophisticated and involved Mr B receiving messages in his genuine Chase thread, and the

scammer knew personal details about him. The investigator also didn't think that Chase went far enough in its call with Mr B as it didn't provide context or say that a bank will never ask a customer to lie or send money to a safe account.

Mr B agreed with the investigator's findings, but Chase did not. In summary, it said:

- Mr B lied convincingly in his call with Chase and provided a believable story. He also advised the work had already started.
- Mr B confirmed the transaction was for refurbishment and the reference supported this.
- If Mr B had provided honest answers when the payment was flagged, it could have prevented the payment from being made.
- Chase didn't consider there was anything more it could have done.

The complaint has been passed to me to decide.

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 Mr B 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017. So, although he didn't intend the money to go to scammers, under the regulations and under the terms and conditions of his bank account, Mr B is presumed liable for the loss in the first instance.

The terms and conditions of Mr B's Chase account at the time of loss say:

"You'll generally get a refund for a payment if you have any of the problems set out below..."

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 were tricked into sending money to someone else; or sent money to someone for what you thought was a legitimate 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."

I'm satisfied that Mr B sent money to someone for what he thought was a legitimate purpose, but which was in fact fraudulent. This means that, in accordance with Chase's terms and conditions, it should refund Mr B unless I can reasonably conclude that he should have known he was being tricked into sending money to a fraudster.

I consider that receiving messages in a genuine thread of messages with Chase would have been persuasive in making Mr B think Chase was contacting him. Mr B has also said that the scammer knew personal information about him, such as part of his card number. I can understand why the combination of these factors would have reassured Mr B.

I'm also mindful of the fact that Mr B was persuaded that he needed to act quickly to secure his funds. He was told that a direct debit was set up and that a phone he didn't own was associated with his Chase account. Creating a sense of urgency is a deliberate ploy by scammers to make victims act quickly, before they have the opportunity to really question what they have been told.

I recognise that Chase intervened when the payment was made and had a conversation with Mr B. At the beginning of this call Mr B makes it clear he is in a rush and needs the payment to go through.

I'm not satisfied that anything Chase said in the call means Mr B should have known he was falling victim to a scam. I accept that early on in the call the Chase advisor said,

"Just wanted to make sure sir that you didn't receive any calls or texts telling you that you need to move your money to a safe account or that your Chase account is under threat."

Mr B responded by saying "No". He has explained that the scammer coached him and told him what to say to ensure the transaction went through. This is very common and is the reason why banks need to ask probing questions to try to break the spell. The advisor didn't go on to explain why she was asking this question or to explain that Chase or other trusted organisations would never ask him to move money to a safe account or assist with an investigation, and if Mr B has been asked to do so it was a scam. The essential features of a safe account scam weren't discussed or brought to life. In these circumstances I don't consider it fair to conclude that Mr B should have known he was being tricked by a fraudster.

Overall, I'm satisfied that Mr B should be reimbursed in line with Chase's terms and conditions.

My final decision

I uphold this complaint and require J.P. Morgan Limited trading as Chase to:

- Refund £4,315; and
- Pay interest on the above amount at the rate of 8% simple per year from the date of payment to the date of settlement.

If J.P. Morgan Limited trading as Chase considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr B how much it has taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 April 2024.

Jay Hadfield
Ombudsman