

The complaint

Mr R complains that J.P. Morgan Europe Limited trading as Chase (Chase) is refusing to refund him the amount he lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr R has told us that he received a call from what he thought at the time was Chase (X) advising him that there had been suspicious payments attempted from his account. Mr R says he could see two payments pending on his account that he didn't recognise. X told Mr R that he would receive a call from a well-known financial authority (Y) to discuss it.

Mr R then received a call from Y. He carried out an online search on the number and it appeared to match the genuine financial authority that had been mentioned during the call Mr R had previously had with X. Y was not the genuine authority but was instead a scammer.

Y told Mr R that his account had been compromised and that there had been a breach in Chase's customer services department which involved his card details being leaked. Y appeared to know Mr R's personal information and seemed to be able to verify him as he had come to expect when dealing with his account.

Y told Mr R that he should send his funds to a 'safe account' to keep them safe and that when Chase asked him questions about the payments he was making, he should say they were for building works to make sure the payments were processed.

Convinced by what Y had told him Mr R proceeded to make the payments as instructed.

Mr R made the following payments in relation to the scam:

| <u>Payment</u> | <u>Date</u> | <u>Payee</u> | <u>Payment Method</u> | <u>Amount</u> |
|----------------|-----------------|--------------|-----------------------|---------------|
| 1 | 25 October 2023 | Individual 1 | Transfer | £14,870 |
| 2 | 25 October 2023 | Individual 1 | Transfer | £890 |

Our Investigator considered Mr R's complaint and thought it should be upheld. Chase disagreed, it said that it intervened appropriately and shouldn't be held responsible for Mr R's loss.

As an informal outcome could not be reached this 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.

It has not been disputed that Mr R has fallen victim to a cruel scam. The evidence provided by both Mr R and Chase sets out what happened. What is in dispute is whether Chase should refund the money Mr R lost due to the scam.

I'm satisfied Mr R 'authorised' the payments for the purposes of the Payment Services Regulations 2017 ('the Regulations') in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations Mr R is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, although Mr R didn't intend his money to go to scammers, he did authorise the disputed 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.

Both payments Mr R made were flagged by Chase and telephone conversations took place. Chase gave a general warning about safe account scams and Mr R answered Chase's questions about the payments in the way he had been instructed to by Y. Unfortunately, the scam wasn't uncovered, and the payments were processed.

However, the terms and conditions of Mr R's Chase account state the following:

'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. We've also set out how quickly you can expect to get your money back, when you won't get a refund and other important information about our approach to refunds and what we expect from you...

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, 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 Mr R should have known he was being tricked when he made the payments. And, while I accept Mr R was given some scam advice when he discussed the payments with Chase, I don't accept the warnings were robust or effective enough to have brought to his attention the fact he was being scammed.

So, having considered all of the circumstances, I don't think it was unreasonable that Mr R failed to identify any warning signs that he was being scammed and I don't think the circumstances were such that he should've known he was being tricked.

So, I agree with our Investigator that Chase should refund the payments Mr R made in relation to the scam.

Putting things right

To put things right J.P. Morgan Europe Limited trading as Chase should:

- Refund Mr R for the total amount he lost to the scam
- Add 8% simple interest per year to the amount it pays Mr R from the date of loss to the date it makes the payment to him

My final decision

I uphold this complaint and require J.P. Morgan Europe Limited trading as Chase to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 20 December 2024.

Terry Woodham
Ombudsman