

The complaint

Miss D complains that J.P. Morgan Europe Limited trading as Chase did not refund the £25,000 that she lost to a scam.

What happened

Miss D unfortunately fell victim to a 'safe account scam' where she was tricked into thinking her accounts were at risk and she needed to move her funds to a safe account. As a result of this, she was convinced to send funds from third-party banks into her Chase account, before moving out £25,000 to what she thought was a safe account, but turned out to be in control of the scammer. She realised soon after making the final payment from Chase for £24,990 when the scammer cut all communication with her and blocked her from contacting them that she had been the victim of a scam.

Miss D contacted Chase immediately after realising she had been scammed and was given a complaint reference number. But she says after that point she struggled to get in contact with a case handler to explain what had happened in detail. Despite calling Chase a number of times over the next two weeks, she did not receive a call back. On 1 September Chase informed her they would not be refunding the £25,000 she lost.

Miss D referred the complaint to our service and our Investigator looked into it. They explained that Chase had intervened in the payment of £24,990 and asked her some questions about it. Miss D followed the script given by the scammer and did not reveal the true purpose of the payment. In the call, Chase specifically asked her if anyone had contacted her purporting to be from the bank and asking her to move her money to a 'safe account', but Miss D said no. Because of this, and the answers Miss D gave in an earlier intervention call with a third-party bank about the same scam, they did not think a better intervention would have uncovered the scam in the circumstances.

However, the Investigator did not think Chase had contacted the beneficiary bank in a reasonable timeframe to request a return of the funds. And that if Chase had contacted the beneficiary bank promptly, more funds could be recovered. They felt this was £2,962.80 and recommended Chase refund this along with 8% simple interest, less the £1.24 recovered.

Chase did not respond to the view letter. Miss D responded and said Chase had refunded her £3.04 so far. She felt she should receive compensation for the poor service and lack of communication from Chase during her complaint.

As an informal agreement could not be reached the complaint has been passed to me for a final decision.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to

take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Miss D authorised the payments in question as she believed her bank was instructing her to. So, while I recognise that she didn't intend the money to go to scammers, the starting position in law is that Chase was obliged to follow Miss D's instruction and process the payments. Because of this, she is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Chase did enough to try to keep Miss D's account safe.

On balance, I think the payment of £24,990 was unusual when compared to Miss D's genuine account activity. It was of a higher value than the majority of her other payments on the account and was to a new payee, so I think it was reasonable for Chase to have referred the payment for additional checks before processing it. I can see that they did this, so I've considered whether the intervention carried out was effective.

In this call, Miss D followed the script she had been given by the scammer and told the call handler she was paying a long-time friend for work he had carried out on her house. She explained what work had been done and gave the name of the individual she was paying and explained he was a friend of the family. When asked how she got the details of who to pay, she said she had taken the individual's credit card and gave the name of the beneficiary bank, which I think added to the believability of what she was saying to the representative of Chase. I want to acknowledge that I understand Miss D felt her account was at risk which is why she followed the script provided to her, even when it was misleading to Chase.

During the call, the representative from Chase asked if prior to the transaction anyone called her and asked her to move funds to a safe account or forced her to make the payment, to which she said 'no'. And I can see a similar phone call happened with her third-party bank that she also made payments to the scam from. They asked her if anyone claiming to be from her bank had called and asked her to move funds to a safe account, to which she said no.

Considering all of this, I don't think Chase could have done more to reveal the scam in the circumstances and even if they had managed to provide a more detailed scam warning, I don't think it would have been enough to dissuade Miss D from carrying on with the payment. So, I don't think Chase therefore needs to reimburse her in the circumstances. I do think that considering the questions put forth by both Miss D's banks about being contacted by a third party to move funds to a safe account, she no longer had a reasonable basis to believe the transfers were legitimate, but I can see she was deep under the spell of the scammer.

I agree that Chase did not contact the beneficiary bank in a timely manner to request a recall of Miss D's funds. I can see that Miss D raised a scam complaint with Chase just after 9pm

on 10 August, but they did not contact the beneficiary bank until 14 August. I can see that the majority of the funds left the beneficiary bank account quickly, but I think had Chase acted within a reasonable time frame, they could have recovered £2,962.80. Miss D has confirmed Chase have credited £3.04 to her account so far, so I think they need to pay her the remaining £2,959.76 as well as 8% simple interest from the date of the loss to the date of reimbursement.

I understand Miss D is upset that Chase did not respond to her scam claim in a reasonable timeframe and that she does not feel they listened to her complaint. Because of this, she has requested compensation in the circumstances. I understand that she is unhappy, and while I have found above that Chase did not recall the funds as quickly as I would have expected, they did do so a few days later and were waiting for a response from the beneficiary bank. I appreciate Miss D says the beneficiary bank told her something different but I have based my decision on the evidence I have been provided both by Chase and the beneficiary bank.

I can appreciate this must have been a stressful time for Miss D, but I also have to consider that the initial problem was caused by the scammer, and not Chase. And I think the 8% interest that will be applied to the reimbursement will go some way to compensate Miss D for the fact her funds were not returned sooner. With this in mind, I don't think additional compensation is warranted in the circumstances.

Putting things right

Chase should pay Miss D £2,956.72, along with 8% simple interest from the date of the transaction to the date of settlement.

My final decision

I uphold Miss D's complaint in part. To put things right, J.P. Morgan Europe Limited trading as Chase should pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 8 January 2025.

Rebecca Norris
Ombudsman