

The complaint

Mr B is unhappy that J.P. Morgan Europe Limited (trading as Chase) won't refund money he lost as a result of a scam.

What happened

In December 2023, Mr B fell victim to a job scam. In summary, he was tricked into sending cryptocurrency via his Chase bank account in order to earn 'commission' for 'tasks' that supposedly boosted the reach of certain businesses and their products.

As part of the scam, Mr B sent and received the following payments to his account on a legitimate cryptocurrency platform before his money was exchanged and passed on to fraudsters.

Disputed Payment number	Date	Amount
1	1 December 2023	£50.00
N/A – credit	2 December 2023	-£51.02
2	3 December 2023	£55.00
3	5 December 2023	£600.00
4	5 December 2023	£1,500.00
5	5 December 2023	£2,600.00
6	5 December 2023	£5,000.00
7	5 December 2023	£120.00
8	5 December 2023	£3,500.00
9	5 December 2023	£4,100.00
N/A - credit	6 December 2023	-£496.45

Mr B realised he'd been the victim of a scam when he was unable to withdraw his 'commission' and found an article about someone who'd lost money in similar circumstances. He subsequently disputed the transactions with Chase. It declined to refund them because they went to an account in Mr B's own name that he'd paid before.

Unhappy, Mr B brought his complaint to our service to investigate.

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 conclusions as our investigator for these reasons:

Chase's role in authorised payments

The starting position in law is that Mr B is responsible for payments he made. And Chase has a duty to make the payments he tells it to.

But, as supported by the terms of the account, that doesn't preclude Chase from making fraud checks before making a payment. And, taking into account regulatory expectations and good industry practice, I'm satisfied that it should fairly and reasonably have done this in some circumstances.

Should Chase have recognised that Mr B was at risk of financial harm from fraud?

Having reviewed the circumstances of these payments, I agree with our investigator that when Mr B attempted the sixth disputed payment for £5,000, Chase ought to have been concerned he was at risk of financial harm. In saying that, I've considered:

- It was the fourth payment to the same payee that day, for an increasing amount.
- As a single payment, it was significantly higher than Mr B's previous spending.
- Cumulatively, it meant Mr B would've spent £9,700 that day. Again, this was much higher than his general spending habits.
- It doesn't seem this payment went to an account with another bank or building society, which is less commonly associated with multi-stage fraud.

Chase submits that none of the payments flagged for potential fraud because they went to an account in Mr B's name. It also argues that he'd paid this account before.

But Chase didn't receive a positive 'confirmation of payee' result that the account was, in fact, in Mr B's name – so I don't think this could've reassured them. And there were only two payments made around two weeks before the scam, totalling £500. So I don't think this represented a longstanding payee which Mr B regularly paid significant sums to.

I'm also mindful that by the time these payments happened, firms like Chase had been aware of the risk of multi-stage scams. And here, I consider the pattern that had emerged, with the increasing frequency and value, to have looked particularly suspicious.

Taking this all into account, I'm not persuaded that the use of Mr B's own account is enough to alleviate the concern that he was at risk of financial harm when he attempted to make the sixth disputed payment. And I think Chase ought to have proportionately intervened before it processed the payment.

What kind of warning should Chase have provided and would that have prevented the losses Mr B suffered from the sixth disputed payment?

I've not seen that Chase provided any warnings or intervened with these disputed payments. But given the risk of financial harm, I'd have reasonably expected it to have established what the sixth payment payment was for.

I've seen nothing to think Mr B wouldn't have answered this honestly – that the payments

were connected to cryptocurrency. Given the myriad of risks associated with this, I'd have expected Chase to drill down further. And with appropriate probing, I think they'd have quickly realised Mr B was falling victim to a 'job scam' – an increasingly common scam that Chase ought to have been aware of at the time.

Had he have been warned he was likely falling victim of a scam, I'm persuaded he wouldn't have gone ahead with the payment. After all, it was a lot of money for him to lose, and I've not seen he was so taken in that he'd have ignored a clear warning. Indeed, he quickly realised he'd been a victim of scam when he read an article about someone else's losses in similar circumstances.

Finally, I've considered Chase's submission that these losses ought to rest with Mr B's cryptocurrency wallet provider instead, as that's where the money was exchanged and lost to the fraudsters. But my role is to consider the complaint Mr B brought against Chase. And, as I've explained, I think Chase could've reasonably foreseen that he might be falling victim to a multi-stage scam, and I think an appropriate warning would've made a difference to his overall losses. Coupled with the fact that I've not seen he's recovered money elsewhere, I'm satisfied it's fair to hold Chase responsible for some of these losses from the sixth disputed payment.

Should Mr B bear any responsibility for his losses?

Mr B hasn't disputed the investigator's recommendation that he should share the blame for these losses by way of contributory negligence. And for completeness, I agree that it's fair to reduce the award by 50%.

While I recognise the communication was cleverly engineered and the platform looked relatively sophisticated, I don't think there was much else to support that this was legitimate opportunity – for example, any paperwork or external, trusted reviews to support the job. And overall, I find the reasons why he needed pay his own money difficult to understand. I think Mr B ought to have been more sceptical of this, particularly by the sixth disputed payment when he was asked to pay almost double what he'd paid before.

My final decision

For the reasons I've explained, I uphold Mr B's complaint. J.P. Morgan Europe Limited (trading as Chase) must:

- Refund Mr B for the sixth, seventh, eighth and ninth disputed payment minus the credit he received on 6 December 2023.
- Deduct 50% from this amount to reflect his contributory negligence.
- Pay 8% simple interest per year on this amount, from the date of the payments to the date of settlement (less any tax lawfully deductible)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 July 2024.

Emma Szkolar
Ombudsman