

The complaint

Ms T complains that J.P. Morgan Europe Limited trading as Chase ('Chase') blocked her accounts for a long time and didn't allow her access to her funds. She would like her funds to be returned to her and to be compensated for the delays.

What happened

Ms T had a savings and two current accounts with Chase. In October 2023 Chase blocked her accounts and said they were placed under review. It also asked Ms T for proof she was entitled to payments which had been made into her accounts over the previous days.

Chase asked Ms T about the payments and she said they were from a finance company in relation to a loan she had been approved for. She said the company contacted her via a messaging service.

On the same day Ms T provided Chase with screenshots of messages between her and the finance company and also emails she had been sent to inform her that her loan application had been approved.

Over the following few days Chase informed Ms T that the evidence she had provided wasn't sufficient proof that she was entitled to the funds in question. It also told her that she had breached its terms and conditions and asked for nominated account details so it could send her remaining funds to her. Chase also logged a complaint on Ms T's behalf.

Over November 2023 Ms T got in touch with Chase a number of times asking for updates but was told that her accounts were still being reviewed. She was unable to access her funds over this period.

Chase responded to Ms T's complaint but it didn't uphold it. It told her that it is entitled to block and review her accounts and that it wasn't able to provide timescales for how long this review would last.

Ms T then brought her complaint to us and asked for access to her funds as well as compensation for the delays she's experienced. In February 2024, while the complaint was with us, Ms T informed us that Chase had decided to close her accounts but didn't mention anything about returning her funds.

One of our investigators reviewed the complaint and thought it should be upheld. He didn't think that Chase had acted fairly in withholding the funds in Ms T's accounts and said it should release them and pay Ms T £50 compensation for the distress and inconvenience she was caused. He thought that Chase was acting fairly and reasonably when it blocked

the accounts. But he said that Chase didn't provide any evidence to show it had been justified in blocking the accounts for such a long period of time.

Ms T accepted our investigator's view, but Chase didn't and asked for an ombudsman's decision. It said it wasn't able to provide any further information with regards to its decision-making process as it was commercially sensitive.

The matter was then passed to me to decide.

Before I issued my decision, I asked our investigator to go back to the parties and ask for further information including Chases' investigation notes. Chase provided some further information but this did not include its investigation notes.

We went back to Chase once again to say that based on the evidence available, I was also considering upholding the complaint and asking it to return Ms T's funds but also to pay interest on the amounts in Ms T's accounts. I said I thought its review should have been completed by the end of November 2023 so interest should start from then.

No further comments were received, and I proceeded with my final decision a week later.

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.

This decision is about Chase reviewing Ms T's accounts and failing to return her funds to her. I haven't looked into the account closures as this didn't form part of Ms T's complaint to us or to Chase. If Ms T wants to complain about the closures she may raise a new complaint with Chase.

It might be helpful if I explain that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. As our investigator said, Chase has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Chase will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result. Chase's terms and conditions also enable it to block accounts in certain circumstances.

I've also considered the basis for Chase's review, which I find was legitimate and in line with its legal and regulatory obligations. Having reviewed all the evidence, I'm satisfied that it was acting in line with its legal and regulatory obligations when it blocked Ms T's accounts on this

occasion in order to conduct a review. I also thought that asking Ms T to provide information about how she was using her account was in line with these obligations. So I don't think it treated Ms T unfairly or unreasonably in this regard.

Chase asked Ms T to provide evidence she was entitled to payments she'd received into her account. I can see that Chase has clearly explained to Ms T what it required and I'm satisfied that she understood what she needed to do to comply with Chase's request. I'm also satisfied that Chase has these processes in place in order to comply with its legal and regulatory obligations. So I can't say that it has done anything wrong by asking Ms T to provide proof of entitlement documents.

Chase asked Ms T to provide proof she was entitled to a payment of £100 that was made into her account. Ms T responded on the same day and said it was from a finance company in respect of a loan she had applied for. She said she had messages from the person who had made the payment to her. She said they also asked her to buy a £160 gift card for which she sent them photographs via message. Ms T provided copies of conversations between her and someone with the same first name as the person who paid the £100 into her account. In the conversations the person was explaining to her how to buy the gift card. In some of the conversations Ms T also said she was unhappy that she hadn't received her £3,000 loan payment yet and said she would complain to the manager of the finance company and also ask her bank to reverse the payments she'd paid out. The person who was messaging her asked her not to do that and asked her to make one final payment. Ms T bought another gift card for £110.

Chase went back to Ms T and said the proof of entitlement was insufficient and did not explain why she had received payments from other individuals. It asked her for proof she was also entitled to another payment for £110.

Ms T repeated that she had been speaking to the person who seemingly transferred the £100 to her and who had asked her to buy a £160 gift card. Ms T also said that the same person deposited two £110 and two £25 payments into her account.

From what I have seen, there was one £100 payment made seemingly by the person Ms T was corresponding with. The further £110 and £25 payments were made by different people. So I can understand why Chase may have felt that the evidence Ms T provided wasn't sufficient. But Ms T has also provided evidence to show that she had been asked to purchase two gift cards which amounted to a total of £270. And the payments made into her account by the other parties came to that amount. So I think there is a link here. Also Ms T's conversations with the finance company show that she was being pressured into buying the gift cards and they went as far as explaining to her how to go about doing so while she was in the shop. Ms T has also provided copies of emails she'd received from a company which said she'd been approved for a £3,000 loan which never materialised.

On the whole, on the evidence I've seen, I think it's likely that Ms T was herself the victim of a scam, which is something she had told us and also mentioned to Chase via its online chat function. Ms T's account of events to us and to Chase has been consistent from the start, she has readily provided evidence in support of her allegations so, on balance, I don't think Chase has shown that Ms T had perpetuated any fraud in these particular circumstances.

Furthermore, despite being asked by the investigator, Chase has failed to provide information about why it hasn't released Ms T's funds to her. Chase needs to provide information to this service so we can fairly decide a complaint. I've considered what Chase has said about why it won't provide further information to our service. This service has the power to request evidence of this nature under the dispute resolution rules (DISP) and I'm not persuaded the reasons given by Chase exclude it from complying with these rules. So, in this particular case, because of the lack of information I can't be satisfied that Chase has treated Ms T fairly when it refused to return her funds to her. Taking this into account, I agree with the investigator that Chase should pay Ms T compensation for the trouble and upset it caused her as well as return Ms T's funds to her. In the circumstances, and bearing in mind that Ms T said she had access to other bank accounts, I think £50 compensation is fair and reasonable.

Ms T provided her evidence to Chase at the start of November 2023. Chase carried on reviewing the accounts until it decided to close them at the end of February/beginning of March 2024. While Chase is entitled to carry out its review, we'd expect it to do so in a timely manner without undue delay. It is entitled to take the necessary time in order to carry out its review and I don't think it would be right for me to say it should have worked to a specific timescale. I think this would depend on each case, depending on its individual circumstances.

Chase hasn't shown me the reason nor has it provided evidence to explain why its review took until February/March 2024 to complete. So I can't say that it treated Ms T fairly and reasonably in this regard. I also note that it still hasn't released Ms T's funds to her. As I can't be satisfied based on the current evidence that the length of the review was fair, I think Chase should have been in a position to complete its review within a month of it receiving Ms T's evidence; so by the end of November 2023.

Ms T has been deprived of funds in her account since the end of November 2023. This is money that should have been available to her to use as she wanted. I can't say for sure what the specific cost of not having these funds available would be. It will have influenced a whole host of decisions about spending and borrowing over that time. With that in mind I'm satisfied awarding 8% simple interest on the amount for the period that it wasn't available to Ms T is appropriate. It is a reflection of the cost of being deprived of these funds. It's also in line with the statutory interest rate on judgment debts.

My final decision

For the reasons above, I have decided to uphold this complaint. J.P. Morgan Europe Limited trading as Chase must pay Ms T £50 compensation for the distress and inconvenience she was caused by the delays in her accounts being reviewed. It must also return her funds to her and it must also pay 8% simple interest per year on the total amount in the accounts starting from 30 November 2023 to the date it pays her back.

J.P. Morgan Europe Limited trading as Chase must pay the compensation within 28 days of the date on which we tell it Ms T accepts my final decision. If it pays later than this it must

also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If J.P. Morgan Europe Limited trading as Chase considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms T how much it's taken off. It should also give Ms T a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 20 September 2024.

Anastasia Serdari
Ombudsman