

The complaint

Mrs P complains that J.P. Morgan Europe Limited trading as Chase won't refund money she lost when she fell victim to a bank impersonation scam.

What happened

Mrs P fell victim to a bank impersonation scam in July 2023. She received a call from someone purporting to be from Chase's fraud team. Mrs P says they already knew some of her personal and account information. They said they were calling about suspicious transactions on her account and asked Mrs P if she had attempted to make transactions to specific merchants and whether she had shared her account details with friends or family as a direct debit had been set up to a cruise liner.

When Mrs P said she didn't recognise the transactions and hadn't shared her account information, the caller said they needed to extend their fraud investigation to include Chase's employees as colleagues in certain departments didn't go through high level recruitment checks.

Mrs P asked the caller how she could be satisfied that she wasn't speaking to a fraudster, and they reminded her that they hadn't asked her to divulge any information relating to her account. As she wasn't at home at the time and her phone's battery was low, the caller agreed to arrange for a senior member of the fraud team to call Mrs P a little bit later. In that time, Mrs P checked the number on the back of her Chase debit card and noticed that the call had come from an almost identical phone number – the last digit was different. Mrs P says this didn't overly concern her as she knew from her employment experience that different departments in a company had largely the same phone number except for the last few digits.

Mrs P received a call from another individual and, under the guise of keeping her money safe, they coached her to setting up a payment for £14,880 to another account. The caller also warned Mrs P that she would be asked to ring Chase to authorise the transaction and suggested that she tell the agent that the payment was for interior design work – seeing as the agent could possibly be involved in committing the identified fraud.

Mrs P followed the caller's instructions and when the payment flagged and she was required to phone Chase, she told the agent that the payment was in relation to refurbishment of her property. She also told the agent that she knew the merchant and had used them before. The agent asked Mrs P if she was being asked to move her money to a safer account, and she said no. The agent read out a scam warning which said that Mrs P may not get her money back if the payment ends up being a scam, and that it was her responsibility to carry out due diligence on the person she was paying to ensure it was a genuine transaction. They also recommended Mrs P to visit the 'Take 5' website and offered to place the payment on hold to allow her to do this. The agent asked Mrs P if she wanted to still go ahead with the payment and she said that she did.

Around 40 minutes later, Mrs P phoned Chase again – this time her son was with her. It was during this call that she realised she had been scammed. Chase attempted to recover the

funds from the beneficiary account provider but was informed the funds had already left that account. Chase refused to provide a refund to Mrs P and said it followed the correct process when flagging the payment, but she didn't answer the questions truthfully.

Unhappy with this response, Mrs P made a complaint and then referred it to our service. One of our investigators looked into the matter and noted that while Chase had intervened and questioned Mrs P, they could appreciate why in the moment Mrs P had found the scammer's story to be credible. And so, in accordance with its terms and conditions regarding refunds, Chase should reimburse Mrs P's loss – along with interest.

Chase disagreed with the investigator's outcome and said it couldn't have done more to uncover the scam given Mrs P didn't provide accurate information when the payment flagged, and it made enquiries.

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.

In broad terms, the starting position is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

There's no dispute here that Mrs P authorised the payment in question. So, although she didn't intend her money to go to scammers, the starting position is that 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, as is the case here, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

The payment did flag as potentially suspicious and there was a phone call during which Chase discussed the payment with Mrs P. Unfortunately, under the scammer's instructions, Mrs P provided a cover story for the purpose of the payment. And she didn't answer Chase's questions truthfully. This meant Chase was unable to identify that the payment was being made to a scam.

However, the terms and conditions of Mrs P'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.

...

What to do if something goes wrong with a payment

Let us know as soon as soon as you can if there is a problem with a payment as it may affect how we will refund any transactions.

...

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 person, 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."

So, I've considered whether Mrs P should have known that she was being tricked when she made the payment.

Mrs P fell victim to a sophisticated scam. She was targeted by scammers who knew enough about her to tailor their approach accordingly and make the scam convincing. It's difficult to overestimate the stress that can be caused by bank impersonation scam calls, where an environment of panic is created, and the victim feels pressured into acting quickly to keep their money safe.

In this case, Mrs P did challenge the scammer at first, including checking that the number she had received the call from was a genuine Chase number. I accept that the last digit was different, but I can also understand Mrs P's reasons for why she didn't think much about that discrepancy – particularly in the heat of the moment. Ultimately, the scammers were able to convince Mrs P with their story.

I've listened to the intervention call, and I accept that Mrs P wasn't open about the purpose of the payment. But she has explained that the scammer told her Chase might stop the payment and so she should say it was for interior decoration works. I accept that this meant Chase was unable to prevent the scam. But I'm satisfied that Mrs P trusted what she was being told by the scammer and that she thought it was necessary to protect her money.

I accept that Chase did provide a scam warning. But the warning didn't specifically cover the typical features of safe account or bank impersonation scams. Neither did Chase ask Mrs P whether she'd been told to lie to her bank if questioned about the payment. As such, I'm not persuaded that the warning was enough in the circumstances to alert her that she was being tricked into sending money to a fraudster.

So, having considered all of the circumstances, I don't think it was unreasonable that Mrs P failed to identify any warning signs that she was being scammed and I don't think the circumstances were such that she should have known she was being tricked. Because of this, I agree with our investigator that Chase should refund the £14,880 payment Mrs P lost to the scam.

The investigator recommended that interest should be added to this refund and calculated from the date of the payment. But I consider that it should pay interest from the date it declined Mrs P's claim instead. This is because I don't think Chase could have done anything to prevent the scam from taking place, but it ought to have refunded Mrs P in accordance with its terms and conditions after she reported the scam.

Putting things right

To resolve this complaint, J.P. Morgan Europe Limited trading as Chase should:

- Refund £14,880 to Mrs P, representing her loss; and
- Pay simple interest¹ at 8% per year on that amount, calculated from the date it declined the claim – 8 September 2023 – to the date of settlement.

My final decision

For the reasons given, my final decision is that I uphold this complaint. J.P. Morgan Europe Limited trading as Chase needs to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 15 October 2024.

Gagandeep Singh
Ombudsman

¹ 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 Mrs P how much it's taken off. It should also give Mrs P a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.