

## **The complaint**

Mr G complains that J.P. Morgan Europe Limited trading as Chase hasn't refunded him after he fell victim to a scam.

## **What happened**

Mr G was looking for investment opportunities in October 2023. He'd had an investment recently mature elsewhere, as well as having some other money to invest. During his search Mr G came across an investment firm I'll call H. He'd heard of this firm before, seeing it advertised widely, and decided to search for its website.

Following Mr G's search, he was contacted by someone claiming to work for H. Mr G didn't know at the time, but he'd been contacted by a scammer impersonating a genuine member of H's staff.

Mr G discussed possible options with the scammer. This led on to a number of other conversations with different people, all posing as employees of H. Mr G was sent emails and brochures and the investment possibilities.

Mr G decided to invest and was told he'd have to open an account with H, which included him submitting documents for anti-money laundering checks and to prove his identity. Once he was established as a client, he was told to start sending his money across. He was told to do so in tranches so that his money was properly protected. Mr G went on to make the following payments at the scammer's instruction:

- 14 October 2023 - £1,000
- 17 October 2023 - £9,000
- 20 October 2023 - £15,000
- 23 October 2023 - £20,000
- 24 October 2023 - £25,000

Chase called Mr G to discuss payments three, four, and five. The calls were for fraud prevention purposes, and the nature of each payment was discussed. Each payment was released following the call associated with it.

But once the payments were made Mr didn't hear anything more and so he started to grow suspicious. He found alternative contact details for H – this time finding the genuine firm – and got in touch. It was at this point the scam was revealed and Mr G contacted Chase to report what had happened.

Chase looked into things and said it would refund the first two payments made toward the scam. It said it was doing so as it hadn't flagged the payments for questioning. But Chase said it wouldn't refund the three payments that followed because it did speak with Mr G about them, and he'd confirmed the payments – and the investment they were going towards

– as genuine.

Mr G brought his complaint to our service as he wasn't happy with Chase's response. One of our investigator's upheld the complaint, referring to Chase's terms and conditions. And he didn't think the interactions between Mr G and Chase changed things.

Chase disagreed and so 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.

Having done so, I'm upholding it and for broadly the same reasons as our investigator. I'll explain further.

The starting point at law is that Mr G is responsible for any payments made from his account which are properly authorised. This is set out in the Payment Service Regulations (2017). And it would generally hold true even where Mr G might have been the victim of a scam.

However, it's important for me to consider what the terms and conditions of Mr G's account with Chase state. In respect of falling victim to a scam, the relevant sections state:

*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 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.*

*Other info and conditions*

*To decide whether to give a full or partial refund, we'll look at each case on its merits and apply industry standards.*

And so, in determining whether Mr G has been treated fairly by Chase, I must consider whether he should've known he was being tricked into sending money. I'm not persuaded it would be fair and reasonable to say that applies here.

Mr G was actively looking for investment opportunities. He'd heard of H before, which is not surprising as it is a very large, international investment firm. Mr G has said he specifically looked for investment opportunities with H online.

It's not entirely clear to me how the scammers came into contact with Mr G. I've no reason to doubt they called him as he's described. It's just not apparent how they got his contact details. Nonetheless, I'm satisfied the call didn't come out of the blue, given Mr G's research up to that point.

Mr G has explained how the initial caller – and all those that followed – were knowledgeable and professional. I can see there was a client on-boarding process. Mr G was sent a very

convincing looking investment brochure, and all other correspondence was equally professional in appearance. The emails that were sent to Mr G came from addresses which were cleverly constructed to look genuine.

Taking all of these factors into account, I can see Mr G was caught out by a sophisticated and well-executed scam. It's understandable why he found it to be so convincing. And so, my starting position is that he shouldn't necessarily have known he was falling victim to a scam.

I've then gone on to consider the other factors at play. First and foremost among those is Chase's interventions in payments three through five. Having thought about what was discussed in those calls I'm not persuaded the outcome of the complaint should change.

Mr G wasn't trying to hide what he was doing when questioned; he clearly explained he was making an investment and who it was with. Chase did ask some broadly relevant questions about the investment, but those questions were mostly closed. That meant Mr G wasn't encouraged to share much detail. And Chase did very little to probe any further. That's despite the significant sum of money being sent each time, and the identifiable scam risk present. Asking questions such as, '*have you been able to confirm this is legitimate?*' are very unlikely to reveal a scam and do little to test what the answers to such questions might be built on.

Chase, importantly, never discussed the key features of an investment scam. Such features ought to be well-known and understood by Chase, including where a legitimate investment firm's details have been cloned. I wouldn't expect Mr G to have been aware of such features. And so it was Chase's role to explain them and bring the nature of such scams to life for Mr G, so that the interventions and warnings might resonate with him. This is what I'd expect to see from any firm processing payments in this way, in line with industry standards.

Chase has said it referred Mr G to the 'Take 5' website, which is set up to help educate people on common scam types and how to avoid them. But there was no requirement for Mr G to visit the site. And, believing everything to be legitimate, he didn't do so. I'm not persuaded Chase's referral to this website means it did enough to educate and warn Mr G about the risk of scams. Nor do I find it can be said Mr G should've realised he was falling victim to a scam because he didn't visit the site or but for having done so.

Chase has also mentioned that there was a live FCA warning about fraudsters cloning the details of H. But it didn't refer Mr G to the FCA website or encourage him to check it, with an explanation as to why that was important. I've seen nothing to suggest Mr G knew about the register, the importance of checking it, or that there was a live warning.

I don't find Chase's suggestion that, because Mr G held a previous investment elsewhere, prior to attempting to invest with H, he was a sophisticated investor and so ought to have been well-placed to spot a scam to be persuasive and it doesn't alter the outcome.

Overall, considering how the scam was executed, Chase's actions, as well as those of Mr G, I'm not persuaded it was fair and reasonable for Chase to deny Mr G a refund under the terms and conditions of the account. He ought now then to be compensated for Chase's error.

### **Putting things right**

On Mr G's acceptance, Chase should:

- Refund Mr G's remaining loss to the scam; *and*

- Pay interest on that sum at 8% simple per year, calculated from the date his claim was declined by Chase to the date of settlement.

**My final decision**

I uphold this complaint against J.P. Morgan Europe Limited trading as Chase.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 February 2025.

Ben Murray  
**Ombudsman**