

## **The complaint**

Mr L, via a representative, has complained that J.P. Morgan Europe Limited trading as Chase ("Chase") failed to refund the money he lost as part of an investment scam.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr L came across an advert in social media, for a company that purported to be a crypto investment firm that I will call B.

Mr L then made 7 debit card payment to crypto exchanges. The funds were then converted into crypto and were then sent on to B. The payments made from Mr L's Chase account totalled over £40,000 and took place between March 2023 and August 2023. Other funds were sent to B via other account providers.

Mr L realised he had been scammed when he was unable to withdraw his profits without paying additional fees. Mr L asked Chase to refund these payments, as he believes Chase should have done more to prevent him from being scammed in the first place. Chase did not agree with this.

One of our investigators looked into this matter and he thought that any intervention from Chase would not have stopped the scam. He said this because he believed that Mr L was being coached by the scammer on what to say if questioned about the payments that he was making. He therefore did not uphold this complaint.

Mr L did not agree with this and therefore his complaint has been passed to me to issue a 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 agree with the conclusions reached by the investigator for the following reasons.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

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

However, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Chase should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Chase sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Chase did intervene in two of the transactions. From the calls that I have been provided with and based on what Chase have said about these interventions, I don't think that the questions asked about the payments were sufficient in the circumstances. I think that further questions should have been asked. I also think that Chase should have intervened on more occasions than it did. That said, even if Chase had done what I think it reasonably ought to have done in the circumstances, I don't think that this would have stopped the scam. I say this for the following reasons.

The scammer seems to have been aware that Chase would call Mr L about the transactions and that if Mr L gave accurate answers as to what he was doing, his payments might be stopped. So, he seems to have coached Mr L on what to say to allow the payments to go through. Mr L says he was told to say that the payments were fine and that he was happy with them to be carried out. I also note that in the calls that I have been provided with, Mr L is asked why he opened a Chase account and if a third party asked him to do so. Mr L said he chose to open it because essentially he liked America, when in fact he had been asked by a third party to open a Chase account. This suggests that he was willing to mislead Chase to ensure the payments went through.

So overall, albeit on balance, I think that had Chase asked further questions about the payments in question, I don't think that Mr L would have provided answers designed to allow the payments to go through.

So taking everything into consideration, I think that Chase should have intervened more than it did. But even if it had intervened further, I don't think it's likely that the scam would have been stopped.

I've also thought about whether Chase could have done more to recover the funds after Mr L reported the fraud.

Chase are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because Chase are not signatories of the code. I also don't think that the funds could have been recovered by a chargeback, as the money was used to purchase crypto - which he duly received. It was only when he transferred the crypto to the scammers did the loss occur. So, I don't think that Chase could have recovered the funds via other means

I've also gone on to consider the terms and conditions of Mr H's Chase account which set out the circumstances in which it will refund customers if they've been tricked into sending money. But these only cover scenarios where money is sent to someone else, i.e., a third party. In this case, the payments were made to cryptocurrency wallets in his name. The money didn't directly go to the scammer from his Chase account. So, Mr H wouldn't be entitled to a refund under Chase's terms and conditions either.

I appreciate this will likely come as a disappointment to Mr L, and I'm sorry to hear he has been the victim of a cruel scam. However, whilst I have a great deal of sympathy for the situation that Mr L found himself in, I'm not persuaded that Chase can fairly or reasonably be held liable for his loss in these circumstances.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 14 April 2025.

Charlie Newton  
**Ombudsman**