

The complaint

Mr E complains that J P Morgan Europe Limited (trading as Chase) blocked and closed his account. Mr E is also unhappy that Chase didn't return money paid into the account back to him, so he says he has lost out financially.

What happened

The detailed background to this complaint is well known to both parties. As such, I'll provide only an overview of the most essential facts here.

Mr E had two accounts with Chase. Mr E has explained that he used the accounts to receive payments from sales of USDT, a cryptocurrency stable coin pegged to the US dollar, which he made using an online trading platform, which I will refer to as B.

In March 2023, Mr E received two payments of £1,825 and £1,235 into his Chase account from an individual I will refer to as Mr S.

In early April 2023, Mr E received further payment of £1,202.60 into his account from an individual I will refer to as Mr V. Following this Chase blocked Mr E's account and asked him to provide proof of entitlement to the funds. At the time, the balance of Mr E's account was just over £7,100.

Mr E told Chase he received the funds in exchange for the sale of cryptocurrency on a peer to peer order via B, with Mr S and Mr V. Mr E provided Chase with copies of screenshots from his trading account with B showing he'd sold USDT and said that all the transactions were legitimate sales.

Chase reviewed everything Mr E had provided. Mr E complained to Chase and asked them to release the money and unblock his account. In response Chase said it hadn't done anything wrong and was reviewing Mr E's account in line with the terms and conditions of the account. Following this in August 2023, Chase closed Mr E's accounts with immediate notice and returned just over £4,000 back to him in September 2023. Mr E told Chase that this wasn't all the money he had in his account, and said he was out of pocket. Chase maintained it hadn't done anything wrong.

Unhappy with this response, Mr E brought his complaint to our service where one of our investigators looked into what had happened. The investigator asked Chase and Mr E to provide more information about Mr E's account activity. In response Chase explained that it had received a fraud report, asking for the £1,202 that had been paid into Mr E's account by Mr V to be returned. So, it had sent just over £1,000, which was what was left of the £1,202, back to the sending bank so that it could be returned to the victim of the scam and had closed Mr E's account in line with the terms and conditions.

Mr E said Chase shouldn't have returned the funds because the money belonged to him. He said that he had no idea Mr V had fallen victim to a scam and whilst he had some sympathy with Mr V's situation, it was nothing to do with him. And he is now out of pocket. Mr E said it

was quite common for people to make fraud claims and try and get their money back from people like him who had simply sold cryptocurrency. Chase reviewed its decision but maintained its position.

After reviewing everything the investigator said Chase hadn't treated Mr E fairly when it had sent the money back to Mr V and closed his account immediately. To put things right she said Chase should pay Mr E £100 compensation for the trouble and upset he'd been caused, refund him the money it had returned to source and add interest for loss of use of the funds in his account for the time Chase had taken to review Mr E's account.

Mr E agreed. Chase said it hadn't done anything wrong when it had closed Mr E's account and returned the funds back to source. It also said it had made a mistake and paid Mr E £3,000 too much when it had closed his account but wasn't intending to ask him to repay these funds.

Chase accepted it had taken too long to complete its review and explained that this was due to a back log. So, it agreed to pay £100 compensation for any trouble and upset this had caused Mr E along with interest for loss of use of the account funds. But it said it wasn't going to refund Mr E any more money.

The investigator went back to Chase and said it also needed to refund Mr E the money he had received from Mr V that it had returned to source. Mr E also confirmed that these were the only funds that he was still due. In response, Chase provided more information about its decision to return the funds paid into Mr E's account back to source.

The investigator reviewed the information and issued another view recommending Chase refund Mr E a further £1,068. Mr E agreed. Chase didn't.

As no agreement could be reached the matter came to me to decide.

After reviewing all of the evidence I came to a different conclusion to the investigator and didn't uphold Mr E's complaint. I issued a provisional decision which said the following:

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Chase has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr E, but I'd like to reassure him that I have considered everything.

I'll start by setting out some context for why Chase suspended and closed Mr E's account. Financial businesses like, Chase, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. In order to meet these obligations, they are required to conduct ongoing monitoring of an existing business relationship. That sometimes means Chase need to restrict, or in some cases go as far as closing customers' accounts.

Chase suspended and closed Mr E's account in April 2023 and have relied on the terms of the account to do so. I've reviewed the terms and conditions of Mr E's account. The terms permit Chase to suspend and close an account. They state:

'We can block your payment device and access to your account if we reasonably:

- Suspect there has been authorised or fraudulent use of your account;*

- *Have concerns about the security of your account: or*
- *Believe that it is required in order to meet a legal or regulatory obligation that applies to us*

Having looked at all the circumstances of this complaint, including how Mr E was using his account and the information Chase has provided which led to their decision, I'm satisfied Chase acted in line with the terms when they suspended and closed Mr E's account. So, it was entitled to block and close the account as it has already done so, and I can't say it has treated Mr E unfairly.

I have considered whether Chase took too long to complete its review and return Mr E's funds. Having done that, I believe if Chase did act unfairly, compensation of around £100 and interest for loss of use of funds would be appropriate. Since Chase has already agreed and paid this, I do not need to decide whether the bank acted fairly. It has done enough to put things right. I believe £100 compensation and interest on Mr E's balance is enough to compensate Mr E for any inconvenience he has been put to and any distress he has suffered.

The crux of Mr E's complaint is that he wants Chase to refund him the money he says he lost as a result of the cryptocurrency he sold to Mr V.

Chase decided to return the funds to the sending bank so that it could be returned to Mr V, who'd been the victim of a scam so that he could be refunded. Chase have said it did this on the basis of the outcome of its review of Mr E's account, their legal and regulatory obligations and said the terms and conditions of the account allowed them to do this. The effect of Chase's actions meant that Mr E has lost both the USDT and the money he had expected in payment.

Chase had received a report to suggest that Mr E wasn't entitled to the payment from Mr V. The report said that Mr V had been the victim of a scam. However, in his appeal to Chase, Mr E says that he hasn't committed any fraud and that he'd legitimately sold Mr V USDT. I can see that as part of his appeal, Mr E submitted screenshots showing his transactions with Mr V for Chase to review, which the investigator forwarded. Following this, Chase maintained that it hadn't done anything wrong when it returned the funds back to Mr V. So, I've looked at the steps Chase took in making the decision, and the evidence it relied on.

I've looked at the evidence Mr E has provided about the transaction, which he says shows he sold cryptocurrency to Mr V. I've also kept in mind what Mr E has said that people often fall foul of crypto fraud online and then try and recoup their losses by making claims against their banks when they realise, they have been scammed. I've looked at the evidence Mr E has provided that he says shows he is entitled to the money that Chase sent back to Mr V.

Having done so I do have some concerns that this shows what Mr E suggests, I say this because I've not seen any evidence of what led up to this transaction such as communications between Mr V and Mr E – the transaction seems to have happened out of the blue. I've also not seen any evidence that anyone else was involved in this transaction – from looking at the screenshots and the information provided by Chase Mr E was dealing directly with Mr V. There was no one else involved. So, this suggests it's Mr E's actions that Mr V reported to his bank.

Chase has also shown our service the information it looked at as part of its review, it's explained its rationale in weighing that information and it's demonstrated how it reached its decision to comply with the fraud report it received. Having reviewed everything Chase and Mr E has told our service, I'm satisfied Chase acted reasonably in returning the funds to

source, and that it was acting in accordance with its overriding legal and regulatory obligations when it did so. And I'm satisfied that it was appropriate for Chase to return the money. I appreciate Mr E wants to understand more about the reasons for Chase's decision. But Chase isn't obliged to provide an explanation for its decision to Mr E, and it wouldn't be appropriate for me to compel it do so.

In summary I am satisfied that Chase has not acted inappropriately or incorrectly. I realise Mr E would understandably like the funds that was paid into his account returned to him and feels very differently. But based on all the evidence and circumstances of this complaint, I don't believe I can fairly direct Chase to release the funds. So, I won't be asking Chase to do anything more to resolve Mr E's complaint.

Chase didn't respond to my provisional decision.

Mr E disagreed with my provisional decision. In summary he said he hadn't done anything wrong and was now out of pocket.

Now both sides have had an opportunity to comment I can go ahead and issue my 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.

As neither party has provided anything new for me to consider, I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 26 June 2024.

Sharon Kerrison
Ombudsman