

The complaint

Mr M has complained J.P. Morgan Europe Limited trading as Chase failed to sufficiently intervene causing him to fall victim to an authorised push payment (APP) scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. In summary, Mr M fell victim to an investment scam. He began investing with, what he believed to be a credible investment firm, that I will refer to as 'N' in April 2023. He discovered N after seeing a celebrity-endorsed advert on social media. As Mr M enjoyed the trading, and because it was going well, he continued sending funds, via cryptocurrency exchanges that I shall call 'F' and 'P', until August 2023. Mr M's partner, who I shall refer to as 'Mrs K', also sent him £5,000 for him to transfer, via his cryptocurrency accounts, to N. However, Mr M subsequently uncovered the investment was a scam when the fraudsters requested another £25,000 to rescue these deposits and any financial gains.

The relevant transaction history from his Chase account statements are as follows:

Transaction	Date	Type of Transaction	Amount
1	28 April 2023	Payment to F	£300
2	2 May 2023	Payment to F	£1,550
3	3 May 2023	Payment to F	£1,450
4	9 May 2023	Payment to F (Mrs K's funds)	£300
5	10 May 2023	Payment to F (Mrs K's funds)	£4,700
6	11 May 2023	Payment from F	£1,550
7	25 May 2023	Payment to F	£1,600
8	18 August 2023	Payment to F	£20,000
9	21 August 2023	Payment to P	£20,000
10	23 August 2023	Payment to P	£20,000
11	29 August 2023	Payment to F	£10,000
12	6 September 2023	Payment to F	£20
13	12 September 2023	Payment from F	£20
14	14 September 2023	Payment from P	£950.45
15	16 October 2023	Payment from P	£1,447.78
16	16 November 2023	Payment from F	£1,380.80

Mr M originally referenced a successful withdrawal from N of \$50 on 1 May 2023. I could not see such a withdrawal on any of the Chase statements supplied to us and when asked he said he had no record of this withdrawal. I've not been supplied with copies of Mr M's cryptocurrency statements so I cannot check if the withdrawal shows within them.

Chase didn't reimburse Mr M's lost funds and so he referred his complaint to us. Our Investigator looked into things but didn't recommend the complaint should be upheld. They weren't persuaded, on balance, that Chase could have prevented Mr M from falling victim to the scam. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a final decision.

I'll note here that Mr M referred another complaint to our service in relation to this particular scam. So, in reaching my decision on this complaint, I have taken into account all of the information he has provided our service about this scam.

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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I don't doubt Mr M has been the victim of a scam here – he has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean Mr M is automatically entitled to recompense by Chase. It would only be fair for me to tell Chase to reimburse Mr M for his loss (or a proportion of it) if: I thought Chase reasonably ought to have prevented all (or some of) the payments Mr M made, or Chase hindered the recovery of the payments Mr M made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Chase treated Mr M fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr M's complaint. I know this will come as a disappointment to Mr M and so I want to explain why I've reached the decision I have.

I have kept in mind that Mr M made the payments himself and the starting position is that Chase should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr M did not intend for his money to ultimately go to fraudsters – but he did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - Chase should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or

in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

So, I've thought about whether the transactions should have highlighted to Chase that Mr M might be at a heightened risk of financial harm due to fraud or a scam.

Six of Mr M's payments were flagged by Chase's fraud monitoring systems and he had to discuss them with Chase before the payment could be released. These were:

- Transfer to F on 2 May 2023 (£1,550),
- Transfer to F on 3 May 2023 (£1,450),
- Transfer to F on 10 May 2023 (£4,700),
- Transfer to F on 25 May 2023 (£1,600),
- Transfer to P on 21 August 2023 (£20,000),
- Transfer to P on 23 August 2023 (£20,000).

I've listened to recordings of conversations that Mr M had with Chase, when it was concerned about the payments Mr M was making. In response to Chase's questioning in these calls Mr M confirmed the following:

- He's buying Bitcoin, which he's done before, and it's going to an FCA approved wallet.
- He has completed due diligence, checked he's dealing with an authorised firm and the FCA warning list.
- He had researched the company very well and seen positive reviews from others that had invested.
- He has seen returns on his investment.
- He had spoken with a trusted family member or friend, other than any person that recommended this investment to him.
- He has been investing in cryptocurrency for about 18 months.
- He would let Chase know if someone had suggested he not be honest with his bank.
- The investment was recommended to him a while back, but it took him some time to decide to consider it.
- No promise of returns such as products, a large sum of money or job opportunity.
- He hadn't spoken with anyone from the crypto exchange or where the wallet was held.
- He was aware of the risks involved in a cryptocurrency investment, he understood he may lose money and that it may be a scam.

Mr M provided reassurances each time Chase's internal fraud systems were flagged; confirming these were genuine transactions that he had consented to. And despite being told he may not get the funds back if it turned out to be a scam, Mr M wanted to proceed. He also answered any questions asked by Chase confidently without hesitation. When Chase asked Mr M where he came across this investment; he avoided informing them he was in frequent contact with N and that he came across them via a social media advert.

It is clear from these intervention calls with Chase that Mr M greatly trusted that the investment was genuine. Mr M highlighted to Chase that he had authorised transfers many times, completed due diligence, referenced a FCA regulated wallet and that he understood the risks. I presume part of this was to pre-empt any concern from Chase about his transfers. In one call Mr M even questioned if he'll have to go through security every time he wishes to complete a transfer and stated how frustrating it was. In another Mr M also pre-

emptively called Chase to expedite the payment, because he believed it would be prevented in the first instance by them.

Whilst I appreciate Mr M was likely behaving this way because he was frustrated by the restrictions put in place around cryptocurrency transactions by Chase, as he believed he was making a legitimate investment, this did mean it was much more difficult for it to detect that Mr M was falling victim to a cryptocurrency investment scam.

I've noted that Mr M feels strongly Chase is at fault because their warnings were not tailored to the scam he was falling victim to. However, there were details within the warnings similar enough to Mr M's circumstances that it should have alerted him to a potential scam. Chase highlighted to be wary of adverts online or social media promoting high returns on investments in crypto assets or crypto related products. Chase warned Mr M to be careful with unexpected contact about an investment opportunity, via call, email or social media. Chase also informed Mr M where he could get advice on investing with cryptocurrency and encouraged him to conduct research. Instead, Mr M continued to reassure Chase. He informed it he had reviewed the cryptocurrency exchange on the FCA website. However, Mr M clearly knew it wasn't the cryptocurrency wallet he was investing in, but N's platform.

Ultimately, Chase's intervention must not amount to an interrogation. I'm not persuaded had Chase given Mr M warnings which covered off the common features of this type of scam in more detail that it would have sufficiently overridden the clear trust, if not absolute certainty, he had in what he was doing. It is clear Mr M's belief in the legitimacy of the investment impacted his receptiveness to any warnings he received from Chase.

Therefore, taking everything into account, I don't think Chase could have prevented Mr M's loss.

Recovery

It's important to note Mr M sent the funds from Chase to cryptocurrency exchanges, with the wallets in his name, to convert into cryptocurrency which was sent on to a wallet address provided by N. Chase would only ever have been able to attempt to recover the funds from his own accounts at the cryptocurrency exchanges. If these funds had not already been transferred to N, they would be in Mr M's control to access as and when he chose. Therefore, I won't be asking Chase to do anything further.

So, in light of all of the above findings, there's no fair and reasonable basis under which I can ask J.P. Morgan Europe Limited trading as Chase to reimburse Mr M's loss.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 February 2025.

Lawrence Keath
Ombudsman