

The complaint

Mr S complains J.P. Morgan Europe Limited trading as Chase hasn't refunded him all the money he lost to an investment scam.

What happened

In July 2023, Mr S found an investment opportunity on social media and after enquiring with the company he was persuaded to invest. Ten loans were taken out totalling £180,000 to fund part of this investment. While Mr S said the scammer applied for the loans and he was unhappy about this, he also told us he took out the loans under the scammer's instructions. And that he told the lenders they were for "Home improvements". Mr S realised he'd been scammed when he was unable to withdraw from the investment and the scammer cut contact with him.

Mr S complained to Chase that it should've prevented his losses. He said if it had appropriately intervened on the payments, it could've unravelled this scam. Chase accepted it should've done more, but only refunded Mr S 50% of the payments. It said that while it should've asked more and better questions of Mr S, he didn't carry out suitable due diligence. Mr S disagreed and said he shouldn't share liability, so he came to our service.

Our investigator didn't uphold Mr S's complaint. She agreed that both parties should share liability in this case and so didn't award anything more to Mr S. Mr S disagreed and asked for an ombudsman to review his case. He argued that there wasn't negative information available, so better research wouldn't have changed his position.

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.

At this stage, Chase has accepted it failed in its duty and paid 50% of Mr S's loss. So what is left to decide is whether Mr S is due a further refund and/or any compensation.

Our investigator set out why she wasn't confident that Mr S would have been honest with Chase had it questioned him in more detail, and I agree with this finding. I'll explain why.

While Chase didn't question Mr S appropriately, I can see that in the call he did have, he said he was moving funds to a "high interest rate crypto account". But this was an investment opportunity. So this answer wasn't entirely truthful – the money was always intended to be used to trade in cryptocurrency with a broker.

In relation to the call, Mr S has explained that he was coached by the scammer prior to it. He's said the scammer suggested that Chase wouldn't want him to be investing with their help, which he says he found plausible. This therefore doesn't suggest that Mr S would've been any more forthcoming about what he was doing had better or more questions been asked at any stage. It seems likely he would've looked to hide the involvement of the broker from Chase – and this information is what would've been key to unravelling the scam.

I also say this because, as part of the scam, Mr S took out ten loans and when we asked, he said he (falsely) selected “Home improvements” as the reason for borrowing. Mr S initially said the scammer took out the loans on his behalf. But he also said he selected the incorrect reason on the scammer’s advice. So it seems he did have some involvement in the borrowing – and we know Mr S then sent these funds on through Chase. So it seems Mr S had enough trust in the scammer to mislead multiple financial organisations – persuading me he would’ve also misled Chase in line with how the scammer instructed him to, had he been asked better questions. This leads me to conclude that it would’ve been unlikely Chase could’ve unravelled this scam.

While our investigator concluded that a better intervention wouldn’t have prevented Mr S’s losses, she did also consider Mr S’s overall understanding of the investment. I also agree with her conclusion that there were red flags here that Mr S shouldn’t have ignored.

Mr S found the opportunity on social media and didn’t check the firm was regulated. He didn’t have any official paperwork for the investment, despite borrowing £180,000 and sending nearly £240,000. While I accept Mr S didn’t know much about investing, I can’t agree it was then reasonable to part with such a large sum of funds with such little knowledge or information. And as above, Mr S was also told to lie to the institutions lending to and dealing with him, which should’ve been a serious concern. No genuine company would need their client to act in this way.

Mr S’s representative has said that Mr S was dealing with a cloned firm, as shown on the FCA warning. So the genuine firm’s information would’ve been persuasive. But I’ve reviewed the FCA warning for the scam firm and it isn’t the one we typically see for clone firms. It’s the standard unauthorised firm warning, with no mention of it being a clone.

While the name of a genuine firm and the firm Mr S invested with have some similarities, I wouldn’t say they could easily be confused. I note that his original complaint letter set out the scam firm’s name as one very similar to the genuine firm. But this isn’t actually who Mr S was emailing or who he’s told us (in other correspondence) that he invested with. So the positive reviews shared for the genuine, unrelated firm don’t change my decision. It would in fact further evidence the point that Mr S didn’t do appropriate checks if he relied on reviews for a firm with a different name to influence his decision to invest.

While I accept Mr S has some vulnerabilities and he’s been the victim of a cruel scam, I’m not persuaded that Chase could’ve unravelled this scam with better questioning. And in addition, as I don’t consider Mr S did an appropriate level of research into this opportunity – and had he done so, he shouldn’t have gone ahead – I’m not directing Chase to pay him anything more.

My final decision

For the reasons set out above, I don’t uphold Mr S’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 30 December 2024.

Amy Osborne
Ombudsman