

## **The complaint**

Mr M complains that J. P. Morgan Europe Limited (trading as Chase) has not refunded money he lost to a scam.

## **What happened**

Mr M was looking for a car to buy. He came across an advert for a car that met his needs on a social media marketplace and contacted the seller to express his interest. He was told that the car's owner now lived abroad and so had put the car in the care of a logistics company (which I'll call C), which would handle the sale and delivery of the vehicle on her behalf. Mr M looked into C and found that it had a detailed, professional looking website, and was registered on Companies House. Mr M agreed to buy the car and was provided with various documents including a contract of sale, an invoice, a report on the condition of the car, and various photos of the car. Mr M also carried out some checks of his own on the car to make sure it had an MOT and was not registered as stolen. Mr M did not see the car in person, he was told it would be delivered to him and that if he was not happy with it, he could return it and receive a refund.

Mr M made a payment for £4,500 for the car, to an account in the name of another third-party company (not C), he was told this was a subsidiary of C. Before allowing this payment to go through Chase discussed the payment with Mr M and asked some questions about what the payment was for. Ultimately though, Chase processed the payment.

Unfortunately, and unknown to Mr M, the car sale was not legitimate, he was dealing with scammers. And when the car was not delivered as expected, Mr M realised he had been the victim of a scam and contacted Chase to see if it could help.

Ultimately, Chase, agreed to refund 50% of Mr M's loss, but it said he should bear responsibility for the remainder of his loss as it didn't think he had done enough to protect himself from the scam. Chase also paid Mr M £30 to recognise delays in its handling of his claim.

Mr M referred his complaint about Chase to us, and one of our Investigators looked into what had happened. They felt that Mr M was entitled to a full refund of his loss given the terms of his Chase account, they considered Mr M had done all he could to check that the car sale was legitimate before making the payment and could not have done more to protect himself.

Mr M accepted the investigator's findings, but Chase did not. It maintains that Mr M could have done more to protect himself from 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 satisfied Mr M authorised this payment for the purposes of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, in broad terms, the starting position is that a bank is expected to process payments and withdrawals that a customer

authorises it to make, in accordance with the Regulations and the terms and conditions of the customer's account. And I have taken this into account when deciding what is fair and reasonable in this case.

There's no dispute that this was a scam, although Mr M didn't intend his money to go to scammers, he did authorise the disputed payments. As explained above, Chase is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

The payment did flag as potentially suspicious and there was a phone call during which Chase discussed the payment with Mr M. Unfortunately, in this instance Chase was unable to detect that the payment was being made to a scam.

However, the terms and conditions of Mr M's Chase account state the following:

*"You'll generally get a refund for a payment if you have any of the problems set out below...*

*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, 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."*

So, I've considered whether Mr M should have known he was being tricked when he made the payment. Here, I agree with the investigator's findings, I don't think Mr M should have known he was being scammed.

I say this for the following reasons:

- Mr M had carried out checks to make sure that C was a legitimate business;
- Mr M had received legitimate looking paperwork regarding the car;
- While Mr M had not seen the car in person (due to how far away he lived from where it was being stored) he had seen numerous photographs of the car;
- Mr M had carried out checks to make sure the car existed and was not stolen.

I also note that Mr M set out the full circumstances of the payment he was making when he spoke with Chase before it was authorised, and Chase also did not detect that this was a scam. Chase did suggest that it might be safer to make a payment by card rather than via transfer, but did not reiterate this when Mr M said he wasn't sure if a transfer would be safer or not. So, while I accept Mr M was given some scam advice when he discussed the payment with Chase, I don't accept the warnings were robust or effective enough to have brought to his attention the fact he was being scammed. And he didn't ignore advice to do more checks before going ahead with the payment, he was simply asked to confirm that he'd done due diligence, which he thought he had given that he had checked the company he thought he was paying, and the car, and had not found anything to cause him concern. So, I don't consider that anything Mr M was told by Chase, or that he had seen in his dealings with the scammers, should have put him on notice that he might be being scammed.

So, having considered all of the circumstances, I don't think it was unreasonable that Mr M failed to identify any warning signs that he was being scammed and I don't think

the circumstances were such that he should've known he was being tricked. Because of this, I agree with our investigator that, as per the terms and conditions of Mr M's Chase account, Chase should refund the remainder of Mr M's loss.

### **Putting things right**

To resolve this complaint Chase should:

- Refund to Mr M the remaining 50% of his loss.
- Pay 8% simple interest on that amount from the date it declined his claim to the date of settlement.

### **My final decision**

I uphold this complaint. J. P. Morgan Europe Limited (trading as Chase) should put things right in the way I've set out above.

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

Sophie Mitchell  
**Ombudsman**