

The complaint

A limited company, T, complains that J.P Morgan Europe Limited trading as Chase (as the recipient bank) didn't do enough to prevent the loss it suffered when it sent a payment to one of its accountholders as the result of a scam.

Mr K is a director of T and has brought the complaint on its behalf. He has used a representative when doing so. However, for ease of reading, I'll mostly refer to Mr K, where I mean him, his company, or the representative.

What happened

The background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr K says he was the victim of an 'impersonation scam'. At the time he believed he was dealing with Mr M, the director of a genuine limited company. He later discovered the person he'd been communicating with had been impersonating Mr M. Across September 2023 and October 2023, Mr K made 8 payments totalling just under £16,800 as a result of the scam. These payments were made to various individuals who held accounts with different payment service providers (PSPs). Mr K has asked our service to also investigate complaints about his own bank, who I'll refer to as 'B' and the other recipient PSPs. These are being considered separately and under different complaint references. This complaint only relates to a payment of £1,200 which was made from T's account with B to an account held with Chase.

Mr K complained to Chase. He said that it had likely failed: to meet its obligations when allowing its customer's account to be opened; in its monitoring of the recipient account; and in its response when notified of the fraud. Mr K asked Chase to refund his loss and pay 8% annual interest from the date of payment to settlement.

Ultimately, Chase didn't reimburse Mr K's lost funds and he referred his complaint to us. Our Investigator didn't recommend that the complaint should be upheld. In summary she concluded that there had been no failure by Chase in the opening and monitoring of the recipient account, nor in Chase's actions upon receipt of notification of fraud, which had resulted in a loss to Mr K. She didn't think Chase needed to do anything further to resolve Mr K's complaint. Mr K did not accept the Investigator's assessment and asked that an Ombudsman review the case.

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 our Investigator and for essentially the same reasons. I appreciate the outcome will be disappointing for Mr K, and I'm genuinely sorry to hear about his loss, but I can't fairly and reasonably ask Chase to refund this. I'll explain why.

In the circumstances here, simply because Mr K fell victim to an authorised push payment (APP) scam and was tricked into sending money to an account held with Chase doesn't entitle him to a refund from them. I can only fairly direct Chase to refund Mr K's losses if I'm satisfied it reasonably failed to prevent those or did something wrong where it would be fair to ask it to provide a refund.

I've reviewed the information Chase has shared which includes copies of the documentation it accepted to verify the identity of the account holder and the account statements to show how the account had been operating since opening, which was several months before the disputed payment. And I agree with the Investigator, that there weren't any failings by Chase in the opening and / or monitoring of the recipient account, nor its response when notified of fraud that reasonably could've prevented Mr K's losses.

Ultimately, I'm satisfied that Chase carried out checks (in line with its regulatory obligations) to verify the identity of the account holder and did its due diligence (so far as reasonably possible) when opening the recipient account. I appreciate the account has since been used to receive fraudulently obtained funds, but from what I can see, Chase couldn't reasonably have foreseen this at the point at which it opened the account. So I don't think it missed an opportunity to prevent Mr K's loss in this way.

I've looked at the account activity from when the account was opened. Prior to the arrival of Mr K's funds, the recipient account had been open and operating for several months without any concerns – the activity on the account was not suspicious, and Chase have confirmed that it hadn't received any reports of this account receiving scam funds before Mr K's funds had been paid away. The arrival and spending of Mr K's payment of £1,200 was also not enough of a change in the operation of the account where I think Chase ought to have intervened or otherwise done more. Therefore, I can't fairly conclude that Chase, by not intervening prior to Mr K's funds being paid away, has acted unreasonably. And even if it had intervened (which to be clear I'm not saying it needed to), Mr K's payment was made payable to the named account holder, so there was no beneficiary name mismatch, nor were there any other factors present at that time that would've reasonably indicated that Mr K's payment wasn't intended for the account holder, or that it had been fraudulently obtained.

And finally, by the time Mr K realised he'd fallen victim to a scam and reported the matter, no funds remained that could be returned to him. So I can't fairly say any of Chase's actions when responding to the notification of fraud were the cause of Mr K's loss.

I sympathise with Mr K for the situation in which he finds himself and I'm sorry to disappoint him, as I know he feels strongly about this matter. But as I'm not persuaded his loss is as a result of failings by Chase there isn't a fair and reasonable basis upon which I can direct it to do more to resolve this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 24 April 2025.

Sonal Matharu
Ombudsman