

The complaint

Mr C complains that J.P. Morgan Europe Limited trading as Chase ('Chase') blocked his account and returned funds which had been sent to him when he sold cryptocurrency. He wants his account to be unlocked and his funds returned to him.

What happened

Mr C had a current account with Chase which he opened in June 2023. He said that on 24 November 2023 he conducted a peer to peer transaction amounting to £5,000 in exchange for cryptocurrency through a cryptocurrency exchange. The payment was made into his Chase account. He said following the transaction the other party falsely accused him of fraud which resulted in Chase returning the £5,000 to the sender. Chase blocked the account on the same day.

Chase asked Mr C to provide evidence that he was entitled to the funds. Mr C provided evidence including chat messages and screenshots of banking apps but this wasn't deemed sufficient by Chase. He told Chase that the payment was in relation to a debt that was owed to him.

Mr C wasn't happy about this and complained while the account was still under review. He said he was the one who was the victim of a scam by the sender. Chase did not uphold the complaint. It said its actions were in line with its terms and conditions and that it wasn't able to tell Mr C how long the review would take.

Chase wrote to Mr C on 13 December 2023 and said it had decided to close his account with immediate effect as it had grounds to suspect it had been used for fraud.

Mr C then brought his complaint to us. Our investigator asked him questions regarding the transaction. He said that the £5,000 was sent to him in cryptocurrency and that he attempted to withdraw it via his Chase account. He said he didn't know the person with whom he conducted the trade. He said he tried to contact the sender after he said Mr C had defrauded him but he didn't respond.

Our investigator went on to consider the complaint but she didn't think it should be upheld. She thought Chase was acting in line with its legal and regulatory obligations when it froze and reviewed the account. She also thought the review had been completed in a timely manner. She agreed the immediate closure was fair and said that Chase acted fairly and reasonably in not returning the £5,000 to Mr C.

Chase agreed with our investigator but Mr C didn't. He said the fraud had been carried out by the sender of the funds who ended up receiving the cryptocurrency as well as their

£5,000 back. He felt Chase took the other person's side and didn't believe him despite providing all the necessary evidence. Mr C provided some further evidence including a video of Mr C's enquiries with the cryptocurrency exchange as well as conversations with the person he traded the cryptocurrency as well as a receipt for the sale of cryptocurrency.

Our investigator didn't change her view and Mr C asked for an ombudsman's decision. The matter was then passed to me to decide.

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'd firstly like to explain that our rules allow us to receive evidence in confidence. We may treat evidence from banks 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 that I haven't been able to share a lot of detail with Mr C, but I'd like to reassure him that I have considered everything.

It might also be helpful if I explain that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. As our investigator said, Chase has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Chase will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result. Chase's terms and conditions also enable it to block accounts in certain circumstances.

I've also considered the basis for Chase's review, which I find was legitimate and in line with its legal and regulatory obligations. Having reviewed all the evidence, I'm satisfied that it was acting in line with its legal and regulatory obligations when it blocked Mr C's account on this occasion in order to conduct a review. I also thought that asking Mr C to provide information about how he was using his account was in line with these obligations. So I don't think it treated Mr C unfairly or unreasonably in this regard.

Chase's terms and conditions say it can close an account by giving two months' notice or with immediate effect in certain circumstances.

It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless

there's a very good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

In this case Chase decided to close the account with immediate effect. For Chase to act fairly here it needs to meet the criteria to apply its terms for immediate closure. Having looked at those terms and all the evidence I'm satisfied that Chase did. So, it was entitled to close the account in the way it did. It follows that I've decided not to ask it to reopen the account.

Mr C said that he mainly wants his £5,000 back which he said he got when he sold cryptocurrency on an exchange. Chase asked Mr C to provide evidence he was entitled to those funds. Mr C has provided us and Chase with screenshots of transactions, invoices, screenshots of a banking app from the sender sending the payment to him, conversations with other parties regarding the peer to peer transaction etc. Mr C also provided further evidence which was similar to what he had already provided after our investigator issued her view which we shared with Chase.

I can see that Chase has clearly explained to Mr C what it required and I'm satisfied that he understands what he needs to do to satisfy Chase's request. I'm also satisfied that Chase has these processes in place in order to comply with its legal and regulatory obligations. So I can't say that it has done anything wrong by asking Mr C to provide proof of entitlement documents.

I appreciate that Mr C supplied a number of documents on more than one occasion. But Chase confirmed that the documents Mr C provided to date aren't acceptable. Having looked at the documents and the information provided by the parties I don't think this was unreasonable. So, it's up to Mr C to now provide the information necessary in order to satisfy Chase's requirements and be sent the funds. This means I won't be directing Chase to release the money to Mr C and that is because, on the evidence I've seen, I'm not satisfied he is entitled to the funds.

I appreciate Mr C will be disappointed with my decision. He feels strongly that he is entitled to the funds but for the reasons I have given above, in these specific circumstances, I don't think Chase has treated him in a way that was unfair or unreasonable.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 August 2024.

Anastasia Serdari
Ombudsman