

## **The complaint**

Miss S is unhappy that J.P. Morgan Europe Limited trading as Chase (“Chase”) hasn’t refunded the money she lost when she fell victim to an investment scam.

## **What happened**

Miss S said in September 2023 she saw an advertisement on an article she found on a social media site. It was about an investment and trading course opportunity and was endorsed by celebrities. Miss S’s representative initially told us that she was unemployed and was concerned about not being able to cope with increasing mortgage interest rates so she hoped that by investing she could help clear her mortgage and provide for her elderly parents.

Miss S explained she clicked on a link within the article which took her to a genuine looking website. Miss S paid a small fee of around \$250.00 to enrol on the course and shortly after she was introduced to someone employed by an investment company – I will refer to as X. Miss S says X looked genuine and she had access to a trading platform where she could see her investment. Miss S said she had access to two accounts on the trading platform – one was an account in her name which was never to be touched and the other was where she traded the profits from the first account.

Miss S downloaded a remote access application so her mentor from X could show her how to make trades.

Miss S was persuaded to take out loans with banks she held accounts with (I will refer to as Bank M, Bank N and Bank F) as well as a number of other companies. She also set up new accounts including Chase (and two other banks - Bank R and Bank M2). Miss S also opened a number of wallets with cryptocurrency providers.

Miss S made a number of payments from other bank accounts (some of which are the subject of separate complaints).

In September 2023, Miss S opened an account with Chase. She transferred £1,000 into her account on 20 September 2023 and almost immediately transferred £1,000 out to a cryptocurrency platform – I will refer to as P in this decision. Miss S made a further three payments to P the last one of which was returned to the account by P payments. She then made six payments an account in her own name with an EMI (Bank M2). Chase paused each payment for further questioning with Miss S. It then subsequently released each payment.

Shortly after this, Miss S realised she’d been the victim of scam. X had been asking for fees to release her money and then she logged on to her accounts one day and all the money from the ‘holding’ account had been moved. She reported the matter to Chase. Chase declined to refund Miss S.

Our investigator did not uphold the complaint. She considered that regardless of how good Chase’s intervention was, Miss S would still have wanted to go ahead anyway. Miss S had indicated she’d been heavily coached by the scammer who was logged on to her devices through a remote desktop application. And by the time of this payment there was a pattern of new accounts being opened every time a bank stopped her transactions. She’d not been

honest about the reasons of taking out the various loans she took out (saying they were for house renovations) and when other banks intervened, she continued to mislead the banks.

I wrote to Miss S and her representatives informally explaining I was intending on reaching the same outcome as the investigator broadly for the same reasons.

Miss S provided a detailed response. She emphasised her status as a victim and the coercive nature of the scam/scammer. She said her primary bank should have identified the activity as unusual and it failed to protect a vulnerable consumer. She explained that the scam has caused profound financial hardship and emotional distress; exacerbated by the recent passing of her father. She is unemployed, registered disabled and has no means to repay the loans. Miss S also provided some further arguments on causation - largely concerning her relationship with the scammer rather than the bank.

Miss S also pointed out the responsibility of the banks to prevent fraud and to investigate suspicious transactions. Miss S says the bank didn't do enough. Miss S provided examples other cases decided by this service that she feels supports her arguments.

Miss S's representative didn't agree that the questions and warnings Chase provided were effective nor complied with Chase's obligations under the Customer Duty. It emphasised that Miss S was vulnerable at the time. It also said that I had relied on the proximate cause of the loss and it strongly believes Chase's omission to meet my expectations actually caused the losses. Overall, it felt it unfair to extinguish the bank's liability in light of the accepted failure while on call with Miss S.

As the complaint couldn't be resolved informally, I am issuing my final decision.

### **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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Where I can't know for certain what has or would have happened, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

I'm sorry to hear of all Miss S has been through. Not just in terms of this scam, but also her wider situation and the recent passing of her father. I've no doubt that she has been through a lot and no doubt the scam has impacted her further

Miss S has been the victim of this cruel scam, and I don't underestimate the impact this has had on her. I therefore want to reassure Miss S that I've carefully considered her complaint and all the points put forward. If, however, I don't mention a particular point, it doesn't follow that the points haven't been considered, simply that I don't need to particularise every point in reaching an outcome I consider to be fair and reasonable in all the circumstances. I've instead concentrated on the issues I think are central to the outcome of this complaint.

Miss S has fallen victim to what can only be described as a cruel and callous scam. I'm sorry she has lost so much money, and I can understand why she would like to be compensated for all her losses. I accept that the scammer has been the primary cause of financial harm but there is no prospect of recovering Miss S's money from the scammer. The case I am considering is against the bank and is about whether it is fair and reasonable for the bank to refund Miss S those losses. In order to do so, I need to find that the bank did something wrong and that its actions were the cause of her loss.

I should also add that each case is judged on its own merits and what may appear (on the face of it) to be a similar set of circumstances, may often transpire not to be the case.

In broad terms, the starting position at law is that banks such as Chase are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the payment service Regulations (in this case the 2017 Regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in October 2023 that Chase should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Chase sometimes does and did in this case);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, I need to decide whether Chase acted fairly and reasonably in its dealings with Miss S when she authorised the payments from her account or whether it could and should have done more before processing them.

Whilst we now know the circumstances which led Miss S to make the payments using her Chase account and the process by which that money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Chase had much less information available to it upon which to discern whether the payments presented an increased risk that Miss S might be the victim of a scam.

Although I recognise Miss S was vulnerable to this scam, I can't see that she communicated this to Chase – meaning that Chase would not have been aware that Miss S had any vulnerabilities before it processed the payments. I also don't think it would have been apparent to Chase that Miss S was vulnerable at the time she made these transactions.

In this case, Miss S transferred money to a cryptocurrency exchange and platform to buy genuine cryptocurrency which was then transferred to the scammer. Buying cryptocurrency is a legitimate activity and the payments were made to a genuine cryptocurrency exchange. The later transactions were sent to another account in her own name. These transactions (transfer to own account/purchasing cryptocurrency) of themselves are not a scam. The scam happened after that; by Miss S moving her cryptocurrency to the scammer.

I am aware that scams involving cryptocurrency had become increasingly prevalent and well known to banks. But I also think it was reasonable for Chase to take into account a range of factors when deciding whether to intervene or provide a warning.

That said, Chase ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam. So I need to consider whether it ought to have done more when Miss S tried to make the payments.

Chase did in fact intervene on every payment Miss S made. It recognised the payments were going to cryptocurrency and that she might be at risk of financial harm from fraud. The conversation in each call was similar. It appears call handlers were asking similar questions and reading out similar warnings in each case. Whilst I think Chase could have probed more and asked Miss S more open questions, even if it had done more than it did here, I don't think any better intervention by Chase would have made a difference to Miss S's decision-making or would have prevented Miss S's loss (causation).

I've gone on to consider whether, had Chase acted as I would've reasonably expected here, this would've prevented Miss S suffering the loss she did.

In assessing whether better intervention would have made a difference, I make my decision on the balance of probabilities – in other words what I think was more likely (than not) to have happened based on the evidence and wider circumstances.

Even if I were to conclude that Chase could and should have done more – I can only ask Chase to reimburse Miss S if I find that any wrongdoing on its part caused her loss. That concept is one her representative should be very familiar with. Yet it has not sought to substantiate its arguments as to why better questioning would have resulted in Miss S acting any differently given the level of coaching taking place.

Miss S acknowledged that she was fully under the scammer's spell, and she was being coached by the scammer on how to interact with the banks – providing answers that were not an accurate reflection of the position. Miss S has pointed out was likely due to the manipulation techniques employed by the scammer. This however led to Miss S demonstrating a clear willingness to mislead the banks to ensure she could invest with the scammer. And I consider the influence of the scammer over Miss S remains evident throughout.

I again appreciate that a scam victim's judgement can be impaired due to the scammer's psychological grip on them – thereby making it difficult for them to recognise or act on such warnings. But while that may be the case, even when good and directly relevant warnings were provided by another bank, Miss S ignored those warnings and proceeded to make the payments anyway. So, I am not persuaded that better intervention by Chase would have made a difference to her decision making.

A pattern also emerged, that every time one of the institutions Miss S was using stopped her transactions, a new account would be opened so that Miss S could continue making the payments. So even if Chase hadn't allowed these payments through, I consider more likely than not that Miss S would have continued to make the payment via other means.

So even if Chase had done what I think it ought to have done, those actions would not have made a difference and could not have prevented Miss S's loss.

I'm not persuaded there were any prospects of Chase successfully recovering the funds, given the money used to purchase genuine cryptocurrency or sent to an account in her own name.

I want to reassure Miss S that I'm not placing blame or responsibility on her for what happened – as, unfortunately, she has been the victim of a cruel scam. I have a great deal of sympathy for Miss S and the loss she's suffered, as I appreciate it is a significant sum of money and will also impact her further.

This is not an easy decision for me to make, but it would only be fair for me to direct Chase to refund her loss if I thought they could have prevented her loss – and I'm not persuaded that this was the case. For the above reasons, I don't think Chase has acted unfairly by not refunding the payments.

### **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 Miss S to accept or reject my decision before 21 March 2025.

Kathryn Milne  
**Ombudsman**