

## The complaint

Miss D complains that J.P. Morgan Europe Limited trading as Chase did not refund a series of payments she lost to a scam.

## What happened

Miss D found a builder who I'll call 'X' for the purposes of this decision through a trader's website. She contacted the references provided which were positive, so she went ahead and hired X on around 6 October 2023. Work began on a garage conversion, but Miss D says this was often only for two hours per day, with delays for illnesses and emergencies. No more work was completed after 8 November 2023 and eventually the communication between them stopped. She has confirmed X has now blocked her so she can no longer contact him. Miss D had made the following instalments to X from her Chase account:

Date	Amount
06/10/2023	£4,000
13/10/2023	£4,475
20/10/2023	£1,100
23/10/2023	£1,000
27/10/2023	£1,550
03/11/2023	£18.75
05/11/2023	£500

Miss D found the receiving bank account was in a different name, and she felt X had provided her with a fake name. Upon searching further, she felt X was linked to dissolved companies and had county court judgements in his name. Miss D raised a scam claim with Chase for the lost funds.

Chase responded and said that as Miss D had signed a contract with X and some work had been carried out, they felt this was a civil dispute and that Miss D should settle it directly with X. Miss D referred the complaint to our service and our Investigator looked into it. They did not think the high legal threshold of a scam had been met and instead felt this was a civil dispute between Miss D and X.

Miss D disagreed with the outcome. In summary, she felt X's actions of refusing to return to site unless he received more money and the fact he did not buy the materials the funds were intended for showed she had been scammed. Overall, she felt his actions matched those of a scammer, so she requested reimbursement. As an informal agreement could not be reached the complaint has been passed to me for a 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.

It isn't in dispute that Miss D authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she's liable

for the transactions. But she says that she has been the victim of an authorised push payment (APP) scam.

Chase has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

*...a transfer of funds executed across Faster Payments...where:*

*(i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*

*(ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

*"This Code does not apply to:*

*b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier."*

I've therefore considered whether the payments Miss D made to X fall under the scope of an APP scam as set out above. I want to firstly acknowledge that this is a finely balanced case and I do not make this decision lightly. I've carefully looked over everything that both Miss D and Chase have provided, as well as information from relevant third parties. Having done so, I don't agree that it does meet the definition of an APP scam. I'll explain why in more detail.

Having looked over the available evidence, I think it's likely X misrepresented his true identity, and it seems more likely this was in an attempt to hide his dissolved businesses and county court judgements. So, I do agree that he has not acted professionally and that this could indicate that he was not running his business (or businesses) in the way that he should, but I don't think this means that he was automatically acting fraudulently in his arrangement with Miss D.

I've reviewed the correspondence between Miss D and X and looked over the photos provided. Having done so, I can see that some work was completed including what appears to be partial demolition, asbestos specialists to remove the roof and dispose of it, an electrician to disconnect and strip wires, the delivery of a skip for waste and a bricklayer who built the walls. While I appreciate not all of the work was completed, I think the amount of work completed suggests X did not intend to take Miss D's money and not provide a service to her. And I think the amount of work is not in line with what I would expect of a scammer trying to entice more funds out of a victim.

I also note from the earlier messages that X was willing to take partial payment at times and wait a few days here and there for the scheduled payments he was expecting, due to unforeseen circumstances. For example, Miss D asked to delay the remaining 25% deposit until work had officially started, which X agreed to and at the end of October he did not charge Miss D for labour for one week. I can also see he offered to use leftover supplies from another job to reduce the costs of the build. So, it appears there was some compromise

when issues arose.

However, I can see that by the end of October and the beginning of November, issues began to arise and the relationship between Miss D and X began to break down. Miss D was uncomfortable continuing with the scheduled payments as she did not feel enough work had been completed, whereas X felt he had made compromises and needed the scheduled payments to pay labourers needed to finish the work. From this point on, I can see X gave reasons why he could not visit the site and Miss D has said he did not return from 8 November onwards. On balance, I think there is enough evidence to show X did intend to provide the service requested by Miss D, however this was not completed to the professional standard and timeline that she expected, and there was a breakdown in the relationship between her and X. And I therefore think this is a civil dispute and does not meet the high bar of an APP scam.

I do acknowledge that there are issues with X's previous businesses and his identity, but I don't think this therefore means he set out to defraud Miss D in the circumstances. I'm aware that Miss D has referred the issue to Action Fraud and Trading Standards, as well as her insurance company, but no party is willing or able to investigate or take a claim further. I've therefore not seen anything to show that any of those entities has made any official finding that X has acted fraudulently.

I know this will be a huge disappointment to Miss D and I acknowledge the significant stress and financial cost she has incurred. Some of the information she has sent us does suggest X wasn't acting professionally, but that does not mean that this was a scam, rather than a case of poor and unprofessional workmanship and business practices. I sympathise with the position Miss D is in, and I'm in no way saying that she doesn't have a legitimate grievance against X. But, for the reasons I've explained above, I do not consider that the payments in dispute here are covered under the CRM Code, or that it would be fair to hold Chase responsible for the money she's lost.

If new material information comes to light at a later date, then Miss D may be able to bring a new complaint to Chase. But I'm satisfied, based on the available evidence to date, that I have seen and been presented with by all parties, that this is most likely a civil dispute. And Chase's decision under the CRM code was therefore correct.

### **My final decision**

I do not uphold Miss D's complaint against J.P. Morgan Europe Limited trading as Chase.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 25 November 2024.

Rebecca Norris

**Ombudsman**