

The complaint

Mrs G, via a representative, has complained that J.P. Morgan Europe Limited trading as Chase ("Chase") failed to refund the money she lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mrs G came across an advert in which a well-known celebrity appeared to be endorsing a company that purported to be a crypto investment firm that I will call B.

Mrs G then made 4 transfers to a crypto exchange. The funds were then converted into crypto and were then sent on to B. The payments made from Mrs G's Chase account totalled over £50,000 and took place in April and May 2023. Other funds were sent to B via other account providers.

Mrs G realised she had been scammed when she was unable to withdraw her profits without paying additional fees. Mrs G asked Chase to refund these payments, as she believes Chase should have done more to prevent her from being scammed in the first place. Chase did not agree with this.

One of our investigators looked into this matter and she thought that any intervention from Chase would not have stopped the scam. She said this because she believed that Mrs G was being coached by the scammer on what to say if questioned about the payments that she was making. She therefore did not uphold this complaint.

Mrs G did not agree with this and therefore her complaint has been passed to me to issue a 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

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

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

In broad terms, the starting position that Chase is expected to process payments and withdrawals that a customer authorises it to make. This should be in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory 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 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
- 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.

Chase did intervene in three of the transactions. From what Chase have said about these interventions, I don't think that the questions asked about the payments were sufficient in the circumstances and further questions should have been asked. That said, I don't think that this would have stopped the scam. I say this for the following reasons.

Mrs G seems to have been aware that, if she gave accurate answers as to what she was doing, her payments might be stopped. This is demonstrated by her asking the scammer on what to say to her various account providers about the transactions. It is also clear that Mrs G was under the spell of the scammer, as it appears she did give misleading answers to some of her account providers. When Mrs G was first questioned by Chase if she was promised large sums of money in return for the transaction, Mrs G said no. When questioned about a different payment, she was asked if anyone had asked her to make the payment and she said no. But Mrs G had been promised a sizeable return and she was making payments requested by the scammer.

I should highlight that I do not have copies of these calls, only a summary of what was said. But these quotes were listed in the investigator's assessment and they have not been challenged by Mrs G or her representative, so I think they are likely to indicate what was discussed. I also can see that a different account provider of Mrs G (a bank) asked her to go to a branch to discuss the payments. It is clear that Mrs G was asked a number of questions as she told the scammer after the visit that "I feel like a criminal". We have not been able to get more details from the bank in question, as to what happened in this branch visit. But I find it unlikely that Mrs G was forthcoming about what she was doing, as I don't think the transactions would have been allowed.

So overall, albeit on balance, I think that had Chase asked further questions about the payments in question, I don't think that Mrs G would have provided accurate answers to any questions asked.

I also think that, had Chase stopped the payments completely, the scammer would have persuaded Mrs G to send the funds via other means. This is demonstrated by the scammer saying that if there were issues sending funds from one provider to another, Mrs G could just send it to a different bank.

Taking everything into consideration, I think that Chase should have intervened more than it did. But even if it had intervened further, I don't think the scam would have been stopped.

I've also thought about whether Chase could have done more to recover the funds after Mrs G reported the fraud.

Chase are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because Chase are not signatories of the code. I also don't think that the funds could have been recovered by a chargeback, as the money was used to purchase crypto - which she duly received. It was only when she transferred the crypto to the scammers did the loss occur. So, I don't think that Chase could have recovered the funds via other means.

I appreciate this will likely come as a disappointment to Mrs G, and I'm sorry to hear she has been the victim of a cruel scam. However, whilst I have a great deal of sympathy for the situation that Mrs G found herself in, I'm not persuaded that Chase can fairly or reasonably be held liable for her loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 21 February 2025.

Charlie Newton
Ombudsman