



The complaint

Mr Y complains that J.P. Morgan Europe Limited (trading as Chase) has not refunded money he lost to a scam.

Mr Y is represented in this complaint by a claims management company. For simplicity I will refer to Mr Y throughout this decision, even when referencing what his representatives have said on his behalf.

What happened

In August 2023 Mr Y made two payments from his Chase account which he has since said were associated with an investment scam. These payments were £195.23 to a third party, and £13,000 to Mr Y's own account which he had recently opened with an Electronic Money Institution (which I'll call Z).

In November 2023 Mr Y – with the help of a representative – complained to Chase that it hadn't done enough to protect him from being scammed.

Chase looked into Mr Y's complaint, but it did not consider it should be liable for Mr Y's loss. It said that it had discussed the £13,000 payment with Mr Y and provided him with an appropriate warning based on what he had told it, but that Mr Y had still chosen to go ahead with the payment.

Mr Y was unhappy with Chase's response and so complained to our service.

One of our investigators looked into Mr Y's complaint but they were satisfied Chase had acted appropriately. They did not feel that Mr Y's answers to Chase's questions would have caused Chase any particular concern, and felt that Mr Y had not taken notice of the warnings Chase gave him. Chase's terms and conditions do include a term that says scam payments will be refunded unless the consumer should have known they were being tricked in some way. But given what she had seen, the Investigator felt that Mr Y should have been aware that the investment was potentially not legitimate, so she did not feel Mr Y was entitled to a refund under this term.

Mr Y disagreed with the investigator's recommendations, saying that Chase's intervention had been poor, and that a good quality intervention would have stopped the scam. So, as no agreement could be reached, Mr Y's complaint has been passed to me for review.

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'm satisfied Mr Y authorised the scam payments for the purposes of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, in broad terms, the starting position is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Regulations and the terms and conditions of

the customers account. And I have taken this into account when deciding what is fair and reasonable in this case.

There's no dispute that this was a scam, although Mr Y didn't intend his money to go to scammers, he did authorise the disputed payments. As explained above, Chase is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

The second payment Mr Y made as a result of this scam did flag as potentially suspicious and there was a phone call during which Chase discussed the payment with Mr Y. Unfortunately, in this instance Chase was unable to detect that the payment was being made to a scam.

However, the terms and conditions of Mr Y's Chase account state the following:

"You'll generally get a refund for a payment if you have any of the problems set out below...

A payment where you're tricked into sending money to a fraudster... This is where you:

- *either intended to send money to a particular person, but you were tricked into sending money to someone else; or*
- *sent money to someone for what you thought was a genuine purpose, but which was actually fraudulent...*

If, taking everything into account when the payment was made, we find you should've known you were being tricked into sending money to a fraudster you won't get a refund."

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

So, I've considered whether Mr Y should have known he was being tricked when he made the payment. And I've also thought about whether Chase did enough to try to keep Mr Y's account safe.

I've reviewed Mr Y's statements, and the initial payment Mr Y made was for a small amount – under £200 – so I don't think it would be reasonable to expect Chase to have intervened in that payment in any way. But the second payment Mr Y made was significantly larger, at £13,000, and given this high value, I do think it was reasonable for Chase to take steps to intervene and to establish the circumstances surrounding this payment before allowing it to be made. And that is what Chase did, it took steps to question Mr Y about this payment.

The question I must then consider is whether this intervention went far enough in questioning Mr Y, and whether – as a result of this discussion and the circumstances surrounding the payment – Mr Y should have known he was likely being tricked into sending money to a fraudster.

I've listened carefully to the conversation Mr Y had with Chase, and I'm satisfied that Chase did ask appropriate questions, and provide appropriate warnings, considering what Mr Y told it at the time. Mr Y was honest that he was making a payment to fund a cryptocurrency investment, but he was not honest about some of the notable details of his situation.

Specifically, he said that he had been introduced to the investment by someone he was very close to, and we know that was not true. In fact, Mr Y had found the investment on social media – and Chase warned him specifically about that as a potential hallmark of investment scams. Mr Y also said that he hadn't been promised any particular returns, when we now know that he was told he could get 10-20% return per month on his investment. And, again, Chase specifically warned him about any investment where the returns could be seen as 'too good to be true'.

Mr Y also was asked whether he had carried out any checks on the company relating to his investment, and said that there was no other company involved, he said the funds were under his control at all times. Given that we are aware Mr Y was actually moving funds to a third party investment company, it's not clear why he didn't mention any of this to Chase. I think it is reasonable to conclude that Mr Y was taking steps to conceal the true circumstances of this payment. I don't know why he chose to do that, but I think it is fair to conclude that he would have continued to provide Chase with misleading information if it had questioned him further. I therefore don't think that I can reasonably say that Chase missed a chance to stop this payment, I'm satisfied that it intervened appropriately given what Mr Y told it at the time.

And, considering the above, I also think it is fair to say that Mr Y should have known that there was likelihood that he was not paying into a legitimate investment. Specifically:

- Chase provided him with a cryptocurrency investment scam warning which included details that should have resonated with him given his situation, but Mr Y did not take heed of that warning.
- Mr Y told Chase he had carried out his own research, but there was information freely available online to suggest that the business Mr Y was investing with was not legitimate. When Mr Y discussed the £13,000 payment Chase asked him if he would like to take some more time to look into the investment after it provided him with the warning, but Mr Y chose not to. By that time there were even more reports that it was a scam.

With all this in mind, I think it is fair to say that Mr Y should have known he was potentially being tricked into making a payment to a scam. So, I think it is fair to say that he is not entitled to a refund of his loss under the terms of his account.

And given the destination of the payments in dispute here, there was no real prospect of Chase being able to help Mr Y's recover his money once it had been informed of the scam.

I appreciate this will be very disappointing for Mr Y, and I'm sorry that he's been the victim of a cruel scam, but with all I've seen I do not think I can reasonably say that Chase should be held responsible for his loss.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 13 March 2025.

Sophie Mitchell
Ombudsman