

## Complaint

Ms S is unhappy that Chase declined to reimburse her after she lost money to an investment scam.

## Background

In late 2023, Ms S came across an advertisement on a social media platform promoting the services of an investment company. Interested in the opportunity, she completed an enquiry form. Shortly afterwards, she was contacted by someone who discussed investment options with her. Ms S thought this person sounded knowledgeable and was told she could expect a return of a little over 7% on her investment. She now knows that the individual she spoke to was a fraudster and not a representative of a legitimate investment firm.

There are two other firms that were involved in the transfer of her funds that I'll refer to as S and R. The fraudsters encouraged Ms S to open an account with Chase. She did and went on to make the following payments:

#	Date	Payee	Value
1	3 October 2023	Cryptocurrency platform	£5,000
2	6 October 2023	Cryptocurrency platform	£20,000
3	10 October 2023	Cryptocurrency platform	£10,000
4	18 October 2023	Customer's account with R	£15,000
5	20 October 2023	Customer's account with R	£25,000

It appears that the funds were deposited into an e-wallet held with a third-party cryptocurrency exchange. Payments 4 and 5 were made to an account in Ms S's name but were then transferred on to the same destination as payments 1–3. Ms S told us that the fraudsters persuaded her to download remote access software, so it's possible the e-wallet was only notionally under her control. Payments 4 and 5 were funded by two unsecured personal loans taken out in her name. The loan proceeds were initially paid into her account with S, then moved to Chase, and on to her account with R, before being sent to the fraudsters.

Ms S realised she had been scammed when the fraudsters began making unreasonable demands for more money, including pressuring her to sell her home. She reported the scam to Chase, as well as to R and S. Chase declined to refund her losses.

Ms S wasn't happy with that response and so she referred her complaint to this service. An Investigator looked into the complaint and upheld it in part. He found that Chase should've done more in connection with the first payment and, had it done so, it could've prevented her losses. However, he also considered that Ms S should bear some responsibility for her losses due to contributory negligence. He recommended that Chase refund 50% of the losses relating to payments 1–3. In relation to payments 4 and 5, the Investigator noted that S and R were also involved in the movement of funds. He concluded that it would be fair for those firms to share liability with Chase. He recommended that Chase refund 25% of the losses for those two payments, with S and R jointly covering the remaining 50%, meaning Ms S would receive 75% of her losses back on those payments.

S has agreed to settle its part of the complaint in line with those recommendations. A separate decision will be issued regarding R's liability. Ms S agreed with the Investigator's view but, as Chase did not, the case has been passed to me for a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Under the Payment Services Regulations 2017 and the terms and conditions of Ms S's account, Chase was generally expected to process payments that Ms S authorised. In this case, Ms S authorised the payments listed above, so she is presumed liable at first instance. Chase's terms and conditions do provide some additional protection in fraud and scam scenarios. But they also state that no refund will be paid where the customer should've known they were being tricked. I'll explain my reasons below, but I'm satisfied this clause means Chase isn't obliged to refund Ms S under those terms.

That said, good industry practice required Chase to monitor for payments or account activity that appeared unusual or out of character in a way that might indicate a fraud risk. Where such activity was identified, I'd expect the bank to take steps to protect its customer—such as providing clear warnings or making direct contact to understand the circumstances of the payment.

Chase did intervene in this case. It did so before the first payment listed above, when Ms S attempted to make a £25,000 payment which was ultimately cancelled. A call took place between her and a bank employee. Ms S explained she was buying cryptocurrency for herself. The call handler asked some relevant questions and ultimately cancelled the payment, suggesting that Ms S check the FCA register before proceeding.

Ms S was generally open about what she was doing. She mentioned that she was dealing with a broker. In my view, Chase ought to have recognised this as a red flag. A cryptocurrency investment promoted via social media and apparently assisted by a broker is highly likely to be fraudulent. I think Chase should have gone further in its questioning and warned Ms S more clearly about the risk that the company she was dealing with was fraudulent.

Even allowing for the possibility that Ms S might have withheld some information, such as the use of remote access software, I think Chase had enough detail to provide an unambiguous verbal warning. That warning should've made clear the common features of cryptocurrency scams, including their prevalence on social media and the role of bogus brokers. If Ms S had received such a warning, I think it would've resonated with her. Her circumstances were closely aligned with those of typical cryptocurrency scams. For that reason, I think it's more likely than not that she would've stopped and not proceeded with that payment or the later ones.

I've considered whether Ms S should bear some responsibility for her losses. In doing so, I've taken into account what the law says about contributory negligence while keeping in mind that I must decide this case based on what I consider to be fair and reasonable in all the circumstances.

Having done so, I'm satisfied that it is fair and reasonable for Ms S to bear partial responsibility for her losses here. Despite the shortcomings of the calls she had with the bank, she was still told to be wary of remote access software. She had gone along with the fraudster's request that this be installed on her device and, despite being told about the risks

of doing so, she continue to grant the fraudsters access throughout the period in which the scam took place.

I'm also mindful of the fact that she was told that it was important that she check the FCA Register and the warnings list before going ahead. I understand she didn't do so – instead, she went back to the broker and relied on what they told her instead. In practice, it's unlikely she'd have discovered anything about the broker by checking the FCA website because there was no live warning about it. She could have discovered that it wasn't authorised. Nonetheless, I think the bank made that recommendation to her and it was careless for her to have disregarded it.

Finally, I can see that the fraudsters used the remote access they'd been granted to, amongst other things, read Ms S's personal emails. I think she ought to have realised that this was highly suspicious and inconsistent with how a genuine investment professional would behave. In light of that, I find that Ms S should bear some responsibility for what happened and that a deduction is fair and reasonable.

I've taken into account that payments 4 and 5 were made to an account in Ms S's own name, meaning she hadn't technically suffered a financial loss at the point they left her Chase account. But I think Chase should still have identified the risk of fraud following its initial call with her and should've done more to protect her than it did. If it had done so, I believe it would've prevented her losses.

I've also considered Ms S's complaints about S and R. I found that each was at fault in failing to prevent the scam and that both contributed to her losses. In total, there are four parties responsible—Chase, S, R, and Ms S herself. I think it's fair that each party bears 25% of the loss.

### **Final decision**

For the reasons I've explained above, I uphold this complaint in part.

If Ms S accepts my final decision, J.P. Morgan Europe Limited need to pay her:

- 50% of the money she lost on payments 1, 2 and 3.
- 25% of the money she lost on payments 4 and 5.
- 8% simple interest per annum on those sums calculated to run from the date the payments left her account until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 28 April 2025.

James Kimmitt  
**Ombudsman**