

## The complaint

Mrs S complains that J.P. Morgan Europe Limited trading as Chase ('Chase') hasn't reimbursed her in full after she fell victim to a scam.

## What happened

Mrs S says that she saw an advert on social media about a company I'll call N in this decision. The advert was endorsed by a celebrity who specialises in financial matters. N said it would teach people how to invest.

Mrs S looked at reviews of N and completed an enquiry form. Soon after, she was contacted by a financial advisor from N, who I'll refer to as L in this decision. L explained that he used to work for a large bank but was made redundant after Brexit. He agreed to teach Mrs S to trade by starting small and building up a portfolio. Mrs S was provided with log in details for a platform where she says share prices mirrored real prices.

Mrs S says that an initial payment of \$250 was made from her husband's account. L then advised Mrs S to open a Chase account to make further payments. She opened the account on 23 January 2023 and made her first payment from the account on 24 January 2023. L called Mrs S every day and provided her with screenshots which showed the profits other clients were making when they invested larger amounts. Mrs S continued to invest relatively small amounts until she says she was persuaded to invest £20,000 on 28 March 2023.

In April 2023 L advised Mrs S of an amazing portfolio with the bank he used to work for that was only available for three weeks. Between 26 April and 18 May Mrs S made nine payments of £25,000 each to take advantage of this opportunity. She said that during this time she had to open and close trades, which was time-consuming. Mrs S was told that she had made a mistake and was contacted by the head of risk at N who told her that if she didn't pay £175,000 in a week, she would lose her investment. Between 22 and 30 May 2023 Mrs S made five payments of £25,000 and one of £7,000.

As a result of Mrs S' mistake, that L was held responsible for, she was told that L had been suspended. The head of risk said he was working with the bank that held the portfolio, which then said it wanted to close the portfolio and offered Mrs S £1.8 million for it. On 7 June 2023 Mrs S received \$10,000 (£7,785) as a test payment. Mrs S waited for the remaining funds but was then told she needed to make a substantial payment for tax. Mrs S didn't make this payment.

Mrs S says she realised the trading platform was taking huge amounts of commission and confronted the new trader. The £2 million she had on the platform then disappeared and Mrs S realised she was the victim of a scam.

I have set out in the table below the transactions Mrs S made as part of the scam.

Transaction	Date	Amount	Recipient
1	24/01/23	£100	Cryptocurrency platform 1
2	25/01/23	£1,400	Cryptocurrency platform 1

	02/04/23	£1,400	<i>Returned</i>
3	06/02/23	£100	Cryptocurrency platform 1
4	06/02/23	£1,300	Cryptocurrency platform 1
5	21/02/23	£10	Cryptocurrency platform 2
6	21/02/23	£1,400	Cryptocurrency platform 2
7	15/03/23	£10	Cryptocurrency platform 2
8	28/03/23	£20,000	Cryptocurrency platform 2
9	26/04/23	£25,000	Cryptocurrency platform 2
10	27/04/23	£25,000	Cryptocurrency platform 2
11	28/04/23	£25,000	Cryptocurrency platform 2
12	29/04/23	£25,000	Cryptocurrency platform 2
13	02/05/23	£25,000	Cryptocurrency platform 2
14	03/05/23	£25,000	Cryptocurrency platform 2
15	15/05/23	£25,000	Cryptocurrency platform 2
16	16/05/23	£25,000	Cryptocurrency platform 2
17	17/05/23	£25,000	Cryptocurrency platform 2
18	18/05/23	£25,000	Cryptocurrency platform 2
19	22/05/23	£25,000	Cryptocurrency platform 2
20	23/05/23	£25,000	Cryptocurrency platform 2
21	24/05/23	£25,000	Cryptocurrency platform 2
22	25/05/23	£25,000	Cryptocurrency platform 2
23	29/05/23	£25,000	Cryptocurrency platform 2
24	30/05/23	£7,000	Cryptocurrency platform 2
<b>Total</b>		<b>£404,920</b>	

Mrs S also received the following credits from the two cryptocurrency exchanges her funds went to:

<b>Date</b>	<b>Amount</b>
14/02/23	£1,333
13/03/23	£95
06/04/23	£795
07/06/23	£7,785
<b>Total</b>	<b>£10,008</b>

Mrs S reported the scam to Chase on 16 October 2023 and sent a letter of complaint, via a representative, on 31 October 2023.

Chase agreed to reimburse 50% of Mrs S' loss (after taking into account the credits she received). It said that it could have probed further and provided better warnings. But Mrs S should share responsibility for her loss as she sent a substantial amount of money without completing further checks. Chase initially refunded £196,806 but identified a shortfall of £650 which it subsequently paid. So Chase has paid Mrs S £197,456.

Mrs S was unhappy with Chase's response and brought a complaint to this service. She said Chase should have done more as it only stopped some of her payments.

#### Our investigation so far

The investigator who considered this complaint recommended that Chase reimburse Mrs S' outstanding loss plus interest. He felt that Mrs S shouldn't bear any responsibility for her loss as the advert she saw appeared to be endorsed by a celebrity with good financial knowledge; L said he worked for N, and provided a business card that showed this, and had previously worked for a known bank; Mrs S looked at reviews of N; Mrs S' initial investment was small; she was able to withdraw funds; and L provided screenshots to show the profits made by other clients.

Chase didn't agree with the investigator's findings so Mrs S' complaint was passed to me to decide. In summary, Chase said that if Mrs S had completed further checks she'd have found:

- The celebrity who was said to support the investment opportunity with N doesn't do any marketing for cryptocurrency firms and is a strong opponent of them.
- N was added to the FCA warning list soon after Mrs S started 'trading'.
- Mrs S didn't receive any documents or contracts, which should have appeared highly suspicious given the amount she was investing.
- Given that by the end of the investment Mrs S was told she had £1.8 million, it's reasonable to assume that throughout the investment the rates of return were unrealistic.

I reviewed the complaint and issued a provisional decision on 28 January 2025. I said I was minded to require Chase to refund the outstanding loss in respect of payments one to eight (inclusive). In the 'What I have provisionally decided – and why' section of my provisional decision I said:

*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 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.*

*I'm very sorry to hear about this cruel scam and the huge impact it has had on Mrs S.*

*In broad terms, the starting position at law is that a bank such as Chase is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services 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 January 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;
- 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;
- 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's terms and conditions say that a customer will generally get a refund in the following circumstances, subject to the information provided about when a refund won't be made.*

*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 you're at fault in some way*

*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.*

*In this case Chase has accepted that it could have done more to protect Mrs S and has refunded 50% of her loss (as set out in the table above).*

*So I need to decide if Chase acted fairly and reasonably in reducing the award it made to Mrs S by 50%.*

*After carefully considering all of the evidence I consider Mrs S should be reimbursed in full for transactions one to eight (inclusive) and will explain why.*

*The advert for the investment opportunity appeared to be endorsed by a celebrity who is known to be an expert in financial matters. This same celebrity has publicly stated that any investment adverts which use his name are fake and he never endorses products. But many people who aren't experts in scams aren't aware of this and take comfort in such a high profile endorsement. Reviews of N at the time Mrs S started to invest were also positive so she wouldn't have seen anything untoward.*

*Mrs S had access to a platform that looked legitimate, and this would have reinforced her belief she was dealing with a genuine company and trader. She started by investing a small amount (£100) and could see this in her trading account. Mrs S then attempted to make a larger payment of £1,400 which was blocked by Chase (and ultimately returned by the cryptocurrency provider, as Mrs S didn't include the correct reference when sending it).*

*Mrs S spoke to Chase about transaction two (which was returned). In the call she was honest about where the money was going and what she was doing. There were clear red flags and signs that Chase needed to do more to protect Mrs S which were missed by the Chase advisor. Mrs S volunteered that she was dealing with a broker and was learning how to buy shares, and said the payment related to that. Mrs S went on to say that she was buying cryptocurrency and the company she was buying from must be legitimate because she had downloaded the app from the Apple store.*

*So, although Mrs S said she was dealing in shares, she was buying cryptocurrency from a known provider. She was open about the fact a broker was involved but wasn't asked any*

questions about the involvement of the broker, the checks she had completed and the ultimate destination of the cryptocurrency. Mrs S was advised to pay by a protected method, and she explained she hadn't received a card yet. After being told it was her responsibility to complete due diligence, Mrs S was asked if she wanted to make the transaction. She asked for it to be held and agreed to call back the following day.

The following day Mrs S called Chase back to ask for the payment to be made. She explained that she had checked out the cryptocurrency provider and had also sent £100 initially and the money arrived. Mrs S went on to say she was learning to trade, and the broker was calling her back shortly. The Chase adviser didn't explain to Mrs S that the purchase of cryptocurrency may be legitimate, but the issue was what then happened to the cryptocurrency that had been bought. Again, there were no questions about the broker, how they became involved, what research she'd completed in respect of them and the company or what she understood about the investment.

Chase also blocked payment four. When Mrs S called Chase about this transaction she said she was trading in cryptocurrency and stressed that she wasn't doing so alone. She explained the previous £1,400 transaction had been returned by the cryptocurrency provider as she hadn't used the right reference. Again, Mrs S volunteered information and said she had contacted a trading company and that she was learning how to trade. Mrs S was asked if she would make more payments to the company, and she said not for three or four months when she had seen how her initial investment went. She went on to say that she would not be putting large amounts of money anywhere.

The Chase advisor checked that Mrs S had control of her cryptocurrency wallet and explained that crypto assets are very high risk, and she should be prepared to lose money. He also advised Mrs S to complete her due diligence without giving any indication of what this entailed. It was clear that Mrs S only thought she needed to check the cryptocurrency provider as she questioned whether it would give her money back if it was a scam (as the initial £1,400 was returned). Mrs S also said how much she appreciated Chase's intervention.

Transaction five was low value. Chase also spoke to Mrs S about transaction six. Even though she said she was buying cryptocurrency the Chase advisor didn't ask the kind of probing questions I'd expect, or provide warnings other than in respect of the high risk nature of cryptocurrency.

By the time Mrs S made transaction eight she had seen her initial investment grow and had received returns.

For the reasons set out above, and given that Chase didn't identify that Mrs S may be falling victim to a scam, even though she provided it with information that should have led it to be concerned, I'm not satisfied that Mrs S should have known she was being tricked into sending funds to a fraudster when she made payments one to eight. This means that she should be reimbursed in full for these transactions (less credits, but these have already been deducted by Chase).

I've noted Chase's point that there was an FCA warning about N soon after Mrs S started to invest. Mrs S didn't know that she should check the FCA warning list and I note that Chase didn't walk her through what to do when she called and made it clear that she was dealing with a broker. I also wouldn't expect Mrs S to complete further checks once she had started to invest (until a later stage that I will discuss below).

I think the position changed when in April 2023 when Mrs S started to make payments relating to a portfolio with a known bank. In the first place, I don't think the story given by L about a short term highly lucrative opportunity he was aware of as a former employee was plausible. Added to this, Mrs S was investing huge sums of money without any documentation or evidence. And, in spite of being warned by Chase of the high risk nature of

*investing in cryptocurrency, Mrs S was advised of rates of return that were too good to be true.*

*In messages to Mrs S in April 2023 L advised of an approximate profit of 50% to 60%. He also said that on a payment of £100,000 he would provide Mrs S with a bonus of £30,000. When Mrs S asked how the company could afford this, L said it was his money and his decision. He later said that as it was Mrs S' first time dealing with the portfolio of the bank it was willing to give her a 40% bonus on £150,000. I don't consider these claims to be credible and think they ought reasonably to have led Mrs S to be concerned and make additional checks before processing any further payments – particularly in light of the other points I have already raised. The only evidence Mrs S had received from L was a copy of a business card which could easily be faked.*

*At the same time, I'm satisfied Chase should have done more to protect Mrs S. She was making multiple high value payments to a cryptocurrency provider after previously telling Chase, in response to a specific question asked by it, that she wouldn't be doing so. Chase didn't intervene at all when these transactions were made.*

*In reaching my decision that Chase ought fairly and reasonably to have done more here, I consider Chase ought to have been mindful of the potential risk to Mrs S of 'multi-stage' fraud – whereby victims are instructed to move funds through one or more legitimate accounts held in the customer's own name to a fraudster. The use of and risks to customers of multi-stage fraud were well known to banks in 2022, before these transactions were made.*

*Overall, I think Chase acted fairly in paying Mrs S 50% of transactions eight onwards (after deducting the credits she received).*

#### Responses to my provisional decision

Chase accepted my provisional findings. Mrs S asked me to consider the following points/evidence:

- In 2022 she returned to the UK after living abroad and was unaware of scams perpetrated in the UK.
- She was told to tell Chase she was trading in Bitcoin because Chase would want her to use its own investment products and keep her funds.
- She was told the bank portfolio came up a few times a year and by this time trust had been built.
- When she thought she would lose all her money she panicked. At the time she was worried, and sleep deprived.
- Mrs S provided a timeline of events as she wished to stress that there was no mention of receiving £1.8 million until June 2023.

#### **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 have carefully considered the additional points Mrs S made. Having done so, my final decision is the same as my provisional decision, and for the same reasons.

I explained in my provisional decision (which I have set out above) why I thought Mrs S should be reimbursed her outstanding loss in respect of payments one to eight. Chase didn't disagree so I won't repeat my reasoning here.

I accept that Mrs S was manipulated into sending funds in respect of a fake investment but consider that by payment nine Mrs S should have realised something wasn't right and taken

additional steps before making further payments. So from this point I'm satisfied Mrs S should share responsibility for her loss with Chase.

It's clear from the messages Mrs S exchanged with the scammer that payments from then initially related to the portfolio with a bank. On 19 April 2023 the scammer told Mrs S that as it was her first time trading with the portfolio "they are willing to let me give you 40% bonus on 150 gbp, which means 60k gbp as a bonus from me, approximate profit will be around 50%-60% during the 3 weeks portfolio". The scammer also told Mrs S on 25 April that the portfolio was always successful, and she would wish she'd put in more than £150,000. I consider the bonus and return were too good to be true, as was the assertion that the portfolio was always successful.

When Mrs S agreed to pay £150,000 towards the portfolio, she had no documentation to say what was agreed and hadn't been provided with any terms and conditions. All she had was the scammer's word and a copy of a business card that could easily be faked.

After the portfolio payments were made the reasons Mrs S was given to make further payments became less plausible. For example, Mrs S was told that she had made errors and to save her money she needed to deposit further funds. Again, there was no evidence.

Whilst I'm very sorry to hear Mrs S has lost a substantial amount of money, I can't fairly ask Chase to reimburse her loss in full. I think it acted fairly in reimbursing 50% of payment nine onwards.

Mrs S has referred to two additional payments made in July 2023 which relate to the same scam. Chase has not had the opportunity to consider these two payments so I can't fairly include them in this decision. If Mrs S wishes Chase to consider these transactions she should get in touch with Chase.

### **My final decision**

For the reasons stated, I require J.P. Morgan Europe Limited trading as Chase to:

- Pay Mrs S £11,460; and
- Pay interest on the above amount at the rate of 8% simple per year from the date of each transaction to the date of settlement.

If J.P. Morgan Europe Limited trading as Chase considers that it is required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs S how much it has taken off. It should also give Mrs S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

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

Jay Hadfield  
**Ombudsman**