

## The complaint

Mr S is unhappy that J.P. Morgan Europe Limited, trading as Chase ("Chase"), will not refund the money he lost after he fell victim to a scam.

Mr S has used a representative to bring his complaint to this service. For ease, I will refer solely to Mr S throughout this decision.

## What happened

The background to this complaint is well known to all parties, so I won't repeat everything in detail here and I'll only provide a summary.

In or around September 2023, Mr S was browsing the internet, when he saw an advert for a cryptocurrency platform. Mr S believed he could make good returns for a little initial investment. He's said he carried out some research and saw little by way of negative reviews.

Believing everything to be genuine Mr S expressed an interest and was persuaded to make the following payments via a Chase account, that the fraudsters had instructed Mr S to open;

16 September 2023	Debit Card Payment	£700
22 September 2023	Faster Payment	£5,000
26 September 2023	Debit Card Payment	£200.32
26 September 2023	Debit Card Payment	£790.72

After realising he'd been scammed, Mr S raised the matter with Chase who upheld his complaint in part and it agreed to refund the final two payments Mr S had made. Chase said this because it had blocked the payment for £5,000 and spoken to Mr S before allowing that payment to progress. It considered that when it had done so, it had asked the correct questions and provided the relevant scam warnings, but it said more questions could have been asked about the company Mr S was making his payment to. It added that the final two payments were refunded due to them not flagging on its systems.

Unhappy with Chase's response, Mr S brought his complaint to this service. One of our Investigator's looked into things and thought the complaint should be upheld in part. In summary, it was our Investigator's view that Chase didn't go far enough in its questioning when it spoke to Mr S ahead of the payment for £5,000 being made. It was our Investigator's view that had it gone further it would have made a difference and uncovered the scam – so he thought Chase was, at least in part, liable for Mr S' loss from this point.

But he also thought Mr S should carry some responsibility for the loss of this payment. This was because our Investigator thought the evidence showed that Mr S was aware there was a risk. Our Investigator recommended that Chase also refund 50% of the faster payment Mr S made, along with interest.

Mr S accepted our Investigator's view, but Chase disagreed. In summary, it maintained that it had asked Mr S the correct questions and there was nothing it could have done to persuade Mr S that he was falling victim to a scam.

As agreement couldn't be reached, the complaint has been passed to me for 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 have decided to uphold this complaint in part – for broadly the same reasons as our Investigator. I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mr S authorised the payments in question – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Chase should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck. Banks and PSP's had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Chase should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

In this case, I need to decide whether Chase acted fairly and reasonably in its dealings with Mr S when he authorised payments from his account or whether it could and should have done more before processing them. Chase has already agreed to refund the final two payments that Mr S made to the fraudsters, so there is no need for me to comment any further on those two payments here.

I need to take into account that Chase needs to strike a balance between countering the risk of fraud and not unduly inconveniencing customers making genuine transactions. When considering the first payment, I don't think this payment would have presented an obvious fraud risk to Chase. I say this as Mr S had set the account up for the purpose of the scam, so Chase had much less information available to it upon which to discern whether any of the payments presented an increased risk, as it didn't have any knowledge of his usual account usage to be able to identify if the scam payments were out of character. As well as this, while not an insignificant amount, I don't think the value of the payment made ought to have led Chase to having any concerns.

Chase did intervene when Mr S attempted to make the second payment for £5,000, it blocked it pending contact with its customer. So I'm persuaded it clearly identified a risk in relation to that payment. I don't, therefore, need to consider whether Chase ought to have found that payment to be sufficiently concerning that it needed to speak to its customer before allowing the payment to go ahead.

Having listened to the call that took place, I don't think that Chase went as far as it should have during this interaction. I do acknowledge that Chase, during the call, did take some steps to warn Mr S about scams involving cryptocurrency ('crypto'), but I don't think Chase did enough to explore this further. While it did say that crypto carries a high risk and is a speculative investment, it did not explain how these scams typically work.

Based on what it knew, that Mr S was intending to make a payment for the purchase of cryptocurrency, I think Chase could have asked further questions, such as, but not limited to; how he'd heard of the investment, what return had he been promised/or had he seen, had he been given any guarantee's about his money, had he been able to actually withdraw any funds back to his own bank accounts, had he received any paperwork and how he was communicating with the proposed investment company.

I also think that Chase should then have gone on to explain the common features of crypto scams – including the following;

- Crypto is often used by scammers to defraud individuals, it is not regulated and money is typically not able to be recovered.
- The use of fake platforms manipulated by scammers that supposedly show the investment.
- The use of multi-account transfers by scammers.
- Being promised high profits with seemingly no, or little, risk.
- Communication through social media or online messaging services – with no paperwork or contracts.
- Highlighting that being told to lie or withhold information is a clear sign of a scam.
- That these scams typically come to light when victims are unable to withdraw their money.

Had Chase done this I don't think it's more likely than not that the answers Mr S would have given would have been such that they would have satisfied Chase that he wasn't at risk of financial harm. I'm also persuaded that given this information, I don't think Mr S would have ignored such a warning about crypto investment scams and how they work – especially

considering by this point he already had his own doubts and, a description from Chase of how scams like these typically play out, would have carried many of the hallmarks of his own experience.

I'm also mindful, in the individual circumstances of this case, that Chase in its own submissions to this service has acknowledged that more questions could have been asked during this call. Overall, I'm persuaded that Chase's intervention didn't go as far as it should have so it is, at least in part, liable for the loss of this £5,000 payment that Mr S made.

I've gone on to consider whether Mr S should also bear any responsibility for his loss and in considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

Mr S has already accepted the Investigator's opinion that any refund provided should be reduced to account for his own actions as part of the scam and as I agree with this point, I won't dwell on it, except to say that I think there were a number of things that ought to have led Mr S to proceed with more caution than he did.

I'm not persuaded he did enough research into what he was doing, especially given the amounts of money he was investing. He also wasn't provided with any paperwork in relation to the investment and didn't sign any documents showing what had been agreed. I also don't think Mr S was given satisfactory answers by the fraudsters, when he did try to question things – such as when Mr S told the fraudsters that he wanted to make a withdrawal before proceeding further to make sure everything was 'legit', but then carried on to make a payment despite no withdrawal being made.

Overall, while I accept Mr S believed that these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that his belief was a reasonable one. Considering this, I think it's fair and reasonable for Chase to make a 50% deduction from the redress payable to him.

### Recovery of funds

I'm not persuaded that there was any reasonable prospect of Chase being able to successfully recover Mr S' funds once he reported the scam. I say this because Mr S used the funds sent from his Chase account to directly purchase cryptocurrency or to send to individual sellers to purchase cryptocurrency, which was ultimately received and sent on to the fraudster. So Chase was unable to recover this.

### **Putting things right**

For the reasons explained, I uphold this complaint in part and now ask J.P. Morgan Europe Limited, trading as Chase, to:

- refund Mr S £2,500 (being 50% of the second payment he made to the fraudsters, for £5,000).
- pay interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement (if J.P. Morgan Europe Limited, trading as Chase, deducts tax from this interest, it should provide Mr S with the appropriate tax deduction certificate).

### **My final decision**

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 March 2025.

Stephen Wise  
**Ombudsman**