

Complaint

Mrs M is unhappy that J.P. Morgan Europe Limited (trading as Chase) declined to fully reimburse her after she told it she was the victim of a scam.

Background

In May 2023, Mrs M received a text message that appeared to be from a bank that I'll refer to as Bank A. The message asked whether she had recently authorised a particular transaction and requested that she call a number if she hadn't. It appeared in an existing chain of otherwise legitimate messages from Bank A. Believing it to be genuine, Mrs M called the number. She didn't know it at the time, but she had actually called a fraudster.

The fraudster told her that the security of her account had been compromised and that, as she was a customer of Chase, someone from Chase would likely contact her as well. She later received a second fraudulent phone call from someone posing as an employee. The caller claimed her case was linked to identity theft, possibly by someone close to her, and instructed her not to speak to anyone about it to avoid jeopardising an active investigation. He told her that the bank had insurance provided via the Financial Conduct Authority, meaning any stolen funds could be recovered, but that protection would be void if she discussed the fraud with anyone.

The caller told Mrs M to transfer her funds to a separate "safe" account to prevent fraudsters from accessing them. To gain her trust, he read out the exact wording of a security message she would receive from Chase and instructed her on how to respond when interacting with any of its employees. He also coached her to mislead the bank about the purpose of the payments. He explained that the department contacting her was separate and should not be informed of the ongoing fraud investigation.

She made two payments of £20,000. A further attempted payment was returned to her by the receiving bank. When she realised she had fallen victim to a scam, she notified Chase. It refunded one of the payments, stating that she had requested to cancel it during a phone call. It declined to refund the remaining £20,000.

Mrs M was unhappy with Chase's response and referred her complaint to this service. An Investigator reviewed the case and upheld it. Chase disagreed with the Investigator's view, and the complaint has now 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.

The legal starting position is that banks are expected to process payments and withdrawals that a customer authorises, in line with the Payment Services Regulations and the terms and conditions of the account. However, where a customer makes a payment due to fraud, there are circumstances where it might be fair and reasonable for the bank to reimburse them. Chase's terms and conditions include provisions allowing for the refund of payments made

as part of a scam, except where the customer ought to have known they were being tricked. Chase's terms and conditions state:

You'll generally get a refund for a payment [...] unless you've been fraudulent, in which case no refund will be provided

[...]

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 way the terms and conditions are written does not suggest that the standard against which Mrs M's actions are to be judged is an objective one. To reach a fair and reasonable outcome, I need to take into account some of the contextual factors that led to Mrs M falling victim to a scam, such as her relative inexperience in dealing with financial services and her vulnerability following bereavement.

The question I must consider, therefore, is whether Mrs M ought to have known that she was falling victim to a scam. I've considered the available evidence carefully and I'm not persuaded that she should have. She received a text message appearing to be from Bank A in a legitimate message chain. The number she called played an automated message consistent with Bank A's usual process. The caller provided a case reference number, which was later quoted by another scammer posing as Chase. This sequence of events reinforced the illusion that she was speaking with legitimate employees of those banks.

Mrs M has also told us that she lost her husband just a few years prior to these events and that he'd been responsible for the family's financial decisions. In extremely difficult personal circumstances, she'd needed to take those decisions independently. Something that might have been a red flag to someone with more experience of interacting with the banking system wouldn't necessarily have been so obvious to Mrs M.

At the beginning of the calls, the scammers assured Mrs M that they would not ask for her account numbers or passwords, mirroring legitimate bank security advice she had received in the past. This likely reinforced her belief that the calls were genuine. I accept that these particular features are general and not unique to Chase, which it has argued in response to the Investigator's view. However, I am mindful of Mrs M's relative inexperience with financial services, and it does not surprise me that someone in her position found this persuasive and compelling.

I understand the scammer quoted the exact wording of security messages she would receive and provided detailed instructions on how to respond when speaking with Chase. Mrs M found the accuracy of this information to help persuade her she was speaking to a genuine employee of the bank. Additionally, the scammers manipulated her into believing that discussing the fraud would invalidate the "insurance" that had been taken out in connection with her account. Understandably, she felt this added further pressure and made her less likely to seek advice from elsewhere.

Mrs M did speak to Chase to authorise one of the payments. During this conversation, the bank briefly asked her whether anyone had instructed her to move money to a 'safe' account. After she responded, they confirmed that nobody was 'forcing' her to make the payment. It is understandable why the bank might feel that this should have affected her decision-making process. However, this exchange was very brief and wasn't particularly impactful. By that point, she had already been convinced that she had genuinely been contacted by her bank, had been explicitly told how to respond to any questions and that the

consequences of failing to do so could be significant. Given this context, I do not think this interaction would have prompted her to reconsider her actions.

With hindsight, some of the tactics the fraudsters used to convince Mrs M that their enquiries were genuine may not seem particularly sophisticated. However, at the time, given the apparent urgency and pressure of the situation, I think it is understandable that she found them persuasive. Given these factors, I am not persuaded that Mrs M ought to have recognised she was being scammed.

Final decision

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

If Mrs M accepts my final decision, J.P. Morgan Europe Limited (trading as Chase) needs to refund the remaining funds she lost to the scam. It also needs to add 8% simple interest per annum to that sum calculated to run from the date it turned down her claim for a refund until the date any settlement is paid.

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

James Kimmitt
Ombudsman