

## **The complaint**

Mr P has complained that J. P. Morgan Europe Limited (trading as “Chase”) failed to protect him from falling victim to an investment scam and hasn’t refunded all of the money he lost.

## **What happened**

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr P has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer directly to Mr P, but I’d like to reassure Mr P and his representative that I’ve considered everything both parties have said.

Mr P says that in February 2024 he was browsing on social media when he came across an advert for a company called which I’ll call “F”. He recognised the social media platform as a reputable source of information and believed it would vet all content, so he felt confident that the advert was legitimate. The advert promoted investments in cryptocurrency and Mr P says he saw it as a potential opportunity to secure his financial future. The advert appeared to be endorsed by a well-known journalist, which further reassured him that the opportunity was genuine.

Mr P has explained that at the time, cryptocurrency was being widely discussed in the media, and Mr P felt that it was the right moment to invest. As he had no prior experience with such investments, he was cautious and conducted his own research into F. He says he found its website to be professional and legitimate in appearance, with no indications that he might be at risk of financial harm. Mr P then clicked on the link in the advert and was directed to a page where he provided his contact details.

Shortly after submitting his details, Mr P received a call from a representative named who referred to his recent enquiry. He says she was polite and reassuring, explaining that he would be assigned a personal account manager. She guided Mr P through the initial deposit of £215.00, which he paid from an external bank account.

Following this, Mr P received another call from a different individual (“the scammer”) who introduced himself as his account manager. Mr P again describes the scammer was friendly and professional, explaining that he worked with a select number of clients and that he would guide Mr P through the trading process. The scammer’s explanations about setting up an account and creating an investment portfolio sounded very professional and Mr P felt confident in proceeding. He says he was told that the opportunities were accessible to all levels of experience, which was appealing given his lack of familiarity with investments.

The scammer gained Mr P’s trust not only by discussing investment opportunities but also by sharing personal details about their lives. Mr P felt a personal connection as they discussed various topics, including inflation and the cost-of-living crisis. During their phone calls, Mr P could hear background noise, which gave the impression of a busy office and added credibility.

Correspondence between Mr P and the scammer was primarily via email and phone, and Mr P describes all communications as professional and well-structured. The scammer explained that Mr P's profits would depend on how much he was willing to invest but reassured him that now was the right time due to favourable market trends, which encouraged Mr P to invest further.

As part of the process Mr P was directed to a trading platform that closely resembled the website he had initially visited. He created an account, provided his personal information, and saw a sophisticated dashboard that displayed his account information, live market prices, and trading details.

To facilitate transfers, the scammer told Mr P to open an account with a well-known cryptocurrency exchange, which he did. He could see his initial deposit of £215.00 generating income on the trading platform, which further convinced him to invest more. On 26 February 2024, he made additional payments of £3,931.00 and £1,519.00. As he again continued to see his investments growing on the platform, he continued investing.

Eventually Mr P says his profits reached \$11,000 and he decided to withdraw his funds. The scammer informed him that he'd need to pay a 50% fee to process the withdrawal. Mr P says as he was keen to access his profits he transferred £4,000.00 on 7 March 2024. But he was then told he needed to make an additional 50% payment, which led him to transfer another £4,000.00 on 15 March 2024. Later, he received an email from a financial institution requesting a further £8,000.00. It was at this point that Mr P realised he was caught in a scam, as the requests for more payments continued with no actual funds being released.

The payments Mr P made as part of the scam were as follows:

	Date	Amount	Description
1	26/02/2024	£3,931	Payment to crypto platform
2	26/02/2024	£1,519	Payment to crypto platform
3	07/03/2024	£4,000	Payment to crypto platform
4	15/03/2024	£4,000	Payment to crypto platform
-	06/06/2024	+£1,965.50	Partial refund from Chase
-	06/06/2024	+£759.50	Partial refund from Chase
<b>Outstanding loss</b>		<b>£10,725</b>	

Mr P made a complaint to Chase on the basis that it missed several opportunities to intervene and prevent the scam. In his complaint he said that Chase should've identified the red flags present in the transactions. He said his first large payment of £3,931 was a significant deviation from his normal account activity and should have triggered a more thorough review. He also said Chase's fraud defence system failed to recognise the high-risk nature of these transactions, which were sent to a well-known cryptocurrency exchange. Mr P added that if Chase had warned him about the risk associated with the payments he was making, he'd likely have recognised the scam sooner.

On 6 June 2024, Chase refunded Mr P £2,725 as it accepted partial responsibility for the losses caused by the first two payments. But Mr P remained dissatisfied and referred his complaint to this service. He requested that Chase refunds the full £13,450, with 8% interest and £300 in compensation.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that he thought Chase has intervened proportionately by speaking to Mr P before all of the payments were made. But he noted that Mr P didn't disclose the true details about

any of the payments, and he said that without that information, Chase wasn't able to take appropriate action to protect Mr P from the losses he made.

As Mr P didn't accept the investigator's opinion, the case has been passed to me to make 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.

I'm sorry to disappoint Mr P but having considered everything I'm afraid I'm not upholding his complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr P authorised these payments from leaving his account. It's accepted by all parties that Mr P gave the instructions to Chase and Chase made the payments in line with those instructions, and in line with the terms and conditions of Mr P's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

#### *What did chase to do intervene?*

Chase says that each payment instruction Mr P gave it was flagged for review, so it spoke to Mr P by phone on all four occasions before each payment was released. I've listened to recordings of all the calls and whilst I haven't transcribed them word-for-word, I've provided a summary of each below.

#### Call 1 on 26 February 2024

During this call, the Chase representative first confirms the payment amount with Mr P and asks if he intends to proceed with the payment, to which Mr P confirms he does.

The Chase representative explains that they need to ask a few questions to ensure the payment's safety. They enquire about the source of the funds coming into Mr P's account, to which he says they originated from his own account elsewhere. When asked about the purpose of the payment, Mr P explains it is for an interior designer's fee related to his house renovation.

The Chase representative notes that Mr P's account is newly opened and asks why he chose to open it. Mr P responds that he is considering moving all his banking to Chase. The representative then asks how Mr P discovered Chase, and he mentions seeing a TV advertisement.

Chase conducts some further security checks are conducted, with the representative asking whether Mr P has been informed that his account is compromised, advised to transfer funds to a secure account, or instructed to lie about the purpose of the payment. Mr P confirms that none of these scenarios apply. The representative also asks if Mr P has been asked to download remote access software, which he denies.

The Chase representative enquires further about the progress of the interior design work, and Mr P states that it is nearing completion. When asked how he found the interior designer, Mr P explains it was through word of mouth and social media, where he viewed pictures of her work before contacting her.

The Chase representative checks whether Mr P has verified the payment details through a trusted method, and he confirms he has. They then advise Mr P that if the payment turns out to be fraudulent, it may not be recoverable. They recommend conducting additional checks to confirm the legitimacy of the payee and provide resources to help identify potential scams.

Finally, the Chase representative asks whether Mr P would like to review the information before proceeding, or go ahead with the payment. Mr P confirms he is confident in proceeding, and the payment is subsequently released.

#### Call 2 on 26 February 2024

During this call, the Chase representative confirms the payment amount and asks Mr P if he initiated the payment, which he confirms he did. The representative then asks whether Mr P has been instructed to transfer funds to a safe account or to use remote access software, and he confirms that he has not.

The Chase representative asks for the payee's name and the purpose of the payment. Mr P states that the payee is a painter and decorator, and the payment is for his fees. When asked if further payments will be made to this person, Mr P confirms that this should be a one-time payment.

The Chase representative then asks whether the interior designer (discussed in the previous call) has received the payment, to which Mr P replies that he doesn't know yet. The representative enquires whether the interior designer and the painter are linked, and Mr P confirms that they're not as they're both self-employed. The Chase representative explains that they've seen a rise in scams involving similar payments so she wants to ensure Mr P's money is protected.

Next, the Chase representative asks if the painting and decorating work has been completed, and Mr P states that it's still in progress. When asked whether the payment covers the full amount, Mr P confirms that it does. The representative advises Mr P to consider making full payments only after the work is completed to a satisfactory standard. Mr P reassures the representative that he knows the painter well, can contact him if any issues arise, and that he trusts him.

The Chase representative reiterates their concern about potential scams and asks whether Mr P has verified the payment details, which he confirms he has. They then explain the importance of carrying out due diligence on the payee, emphasising that if the payment turns out to be fraudulent, it may not be recoverable. The representative provides Mr P with information on how to protect himself from scams and offers him the option to review the information before proceeding with the payment or to continue immediately.

Mr P confirms that he wants to proceed with the payment. He is placed on hold for a couple of minutes while the payment is processed. The Chase representative then returns to confirm that the payment has been successfully released.

#### Call on 7 March 2024

The third call begins with the Chase representative conducting standard security verification and confirming whether Mr P is making the payment in question, which he confirms he is.

Mr P explains that the payment is to a friend for work done on his house. He further clarifies that he initially had trouble making the payment through his other bank, so he asked his friend to pay the contractor on his behalf, and he is now repaying his friend.

The Chase representative informs Mr P that they need to ask a few additional questions to ensure his payment is secure and to protect both him and the bank. They ask if Mr P has paid this friend before. Mr P responds that although he knows his friend very well and trusts him, this is the first time he is sending him a payment. He also mentions that he will likely need to make another payment to his friend soon.

The representative asks if and how Mr P has verified the payment details. Mr P confirms that he verified the details by phone, as he frequently speaks with his friend by phone because they live far apart. He adds that his friend has been very helpful, particularly as both Chase and his other bank made the payment process difficult.

The Chase representative asks if Mr P has checked whether his friend's phone number has changed, to which Mr P confirms that it has always been the same. The representative then explains the concept of impersonation scams and stresses the importance of ensuring that Mr P is dealing with his actual friend. In response, Mr P shares that he was previously scammed in a fraudulent investment scheme. He also mentions that he sometimes communicates with this friend via messaging as well.

The representative then asks if Mr P is comfortable proceeding with the payment, and he confirms that he is. Chase advises him that if the payment turns out to be a scam, he may not be able to recover the funds. The representative recommends using a card for payments where possible and, if not, ensuring that he is paying the intended person. Chase also provides information on how Mr P can learn more about identifying scams, as discussed in previous calls, and offers him the option to delay the payment and review the information or proceed with the payment immediately. Mr P confirms that he wishes to proceed.

The Chase representative reiterates that they have seen many customers fall victim to scams and that they aim to do everything possible to protect his money.

Finally, the representative asks whether Mr P feels under any pressure to make the payment, if his account is under attack, or if anyone has advised him to screen share or provide remote access. Mr P confirms that none of these apply, and the payment is then processed successfully.

#### Call 15 March 2024

The final call begins with the Chase representative confirming whether Mr P made the payment request, to which he confirms that he did.

The Chase representative asks about the purpose of the payment. Mr P explains that he was initially trying to pay a friend, but Chase notified him that the payment was unsuccessful. As a result, he is now making the payment to a different friend, who will then forward the money to the intended recipient. He adds that both friends live on his street, and one of them is experiencing financial difficulties, which is why he is lending him the money.

The representative asks if Mr P has been told that his account is under attack or compromised, or if anyone has asked him to download remote access software. Mr P confirms that none of these apply. The Chase representative provides additional information about impersonation scams and common fraud tactics. Mr P acknowledges that he understands this information.

Mr P is placed on hold briefly while Chase conducts a few checks. Upon returning, the representative asks Mr P how he usually contacts his friend. Mr P confirms that he communicates with him face-to-face as he lives nearby and has never contacted him through any other means.

The Chase representative informs Mr P that it's his responsibility to conduct due diligence to ensure the legitimacy of the transaction and warns him that the payment could be a scam. They also advise that the payment can be delayed if he wishes to carry out further checks.

Mr P confirms that he is happy to proceed with the payment, and the Chase representative then confirms that the transaction has been successfully completed.

### Were Chase's interventions sufficient?

I should note at this point that although in Mr P's complaint he says he was led to believe he was purchasing cryptocurrency, the recipients of the payments he made were individuals – not identifiable cryptocurrency platforms. So whilst Mr P believed he was sending funds to his own cryptocurrency account, Chase wouldn't have been able to identify that the payments had any link to cryptocurrency investments. So I wouldn't have expected it to treat the payments with the extra caution that many financial institutions afford to this type of transaction. But in any case, as Chase's system asked for the purpose of the payments, I've considered whether the action it took from that point was proportionate.

Taking everything into account, I'm satisfied that Chase went above what it needed to do to ensure Mr P wasn't at risk of being scammed. And having listened to its calls, it provided clear and robust warnings that it was concerned that Mr P was being scammed. It gave him ample opportunity to divulge the true reason he was making the payments, and also to reconsider them following being warned about scams.

On every occasion Mr P misled Chase with a sophisticated story that appeared to develop over time. He added small details and elaborated on his points to add to the persuasiveness, and even though Chase asked follow-up questions and probed Mr P on the answers he gave, he was able to keep to the cover story consistently, raising minimal suspicion on Chase's part.

I know that Mr P says he was coached on how to answer Chase's questions, and he was an inexperienced investor so he didn't know how to spot the warning signs that he was being scammed, but I'm afraid that doesn't make me think that Chase is responsible for his loss here. As I've set out above Mr P kept the cover story running for several weeks, which ought to have been a red flag to him that something wasn't right. It's not normal for an account manager at a respectable investment firm to ask a client to lie to their bank, especially by providing such an intricate cover story which is so far from the truth. And I don't think Mr P's level of investment experience is relevant in determining that he ought to have realised that, especially after Chase attempted to warn him a number of times about the potential of scams.

Despite the action it took to intervene I note Chase has refunded half of the value of payments one and two as it says it could've gone further when questioning Mr P. As I wouldn't have recommended Chase refund anything in these circumstances, I haven't considered this further.

As well as the payments that were made successfully it's also important to note that on 22 February 2024 Mr P attempted to make a payment of £2,000 which Chase temporarily held whilst it made more enquiries with Mr P. It asked Mr P to provide evidence of the source of

funds for the payment, which Mr P agreed to do, although Chase says Mr P failed to provide what it had asked for so it cancelled the payment.

Chase also temporarily held a payment of £4,000 that Mr P attempted to make on 5 March 2024. It spoke to Mr P by phone and after asking questions about the payment's purpose and being told by Mr P it was being used to pay a tradesman working on his property, Chase decided that Mr P's version of events raised red flags so the payment was cancelled.

Having considered everything I'm satisfied that Chase demonstrated robust and thorough fraud prevention measures throughout its dealings with Mr P in this scenario. Chase took a bold approach to using those measures to protect Mr P from financial harm where it suspected he was at risk.

Although Mr P was unfortunately able to make some of the payments, Chase is reliant on truthful information being provided when it intervenes in order to judge the appropriate action to take. On a number of occasions it identified that Mr P's cover story didn't seem true, but where it didn't, I don't hold it responsible for the loss that followed. Chase provided adequate warnings during the calls, and opportunity for Mr P to conduct further checks which he declined. This, as well as having cancelled other payments due to the suspicious circumstances, ought to have resonated with Mr P and urged him to take notice of the warnings and not make the payments.

It follows that I don't hold Chase responsible for Mr P's losses, and as Chase has already paid Mr P more than I would've directed, I don't require it to do anything further.

#### Recovery of the funds

I haven't been given information on whether Chase attempted recovery of the payments, but Chase wasn't aware of the scam until Mr P reported the scam on 19 March 2023, which was four days after the last payment and over three weeks after the first and second payments.

In the case of funds obtained fraudulently, as was the case here, they are often removed shortly after they're received – usually within hours, if not sooner. So even if Chase had attempted recovery, given the time that had passed, I think it's highly unlikely it would've succeeded and there'd have been nothing remaining in the recipients' accounts.

I'm very sorry that Mr P has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Chase responsible for that.

#### **My final decision**

I don't uphold Mr P's complaint against J. P. Morgan Europe Limited, trading as Chase.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 February 2025.

Sam Wade  
**Ombudsman**