

The complaint

Mr T complains J.P. Morgan Europe Limited trading as Chase didn't do enough to protect him when he fell victim to an investment scam.

What happened

Mr T has an account with Chase and an account with another business who I'll refer to as "R" throughout the rest of this decision. He's had an account with Chase for some time.

Mr T says he reconnected with an acquaintance – who he hadn't spoken to in about 10 years – at the start of 2023. He says they started talking about setting up a business together. He says he believed this was a genuine opportunity as his acquaintance appeared to be very successful in business given his lifestyle and sent him all sorts of documentation. He says his acquaintance offered to do all the work needed to set up the business as long as he paid his share of the funding that would be necessary. In fact, they were a scammer.

Between April 2023 and October 2023 Mr T paid over £100,000 to the scammer, the majority of which he was told was needed to fund the new business they were setting up. Mr T says he borrowed £30,000 from another business to help fund these payments. He says he paid just over £90,000 from his account with R to the scammer and just over £14,000 from his account with Chase to the scammer.

Mr T says he became suspicious in January 2024 after the scammer told him that they now had their FCA registration and then asked him for more money. Mr T says he contacted the FCA – to check on the registration – at which point he says he was told he'd almost certainly been scammed as the details the FCA had didn't match up. Mr T contacted R and Chase to let them know, and to ask for his money back. He did so with the help of a representative.

Chase looked into Mr T's claim and said that it had attempted to recovery his money but had been unable to do so. In addition, Chase said that it had stopped Mr T's first payment and spoken to him and given him relevant scam warnings, but he'd chosen to go ahead with the payments. In the circumstances, Chase said that it wasn't able to refund Mr T. R said it wasn't able to either. Mr T complained to our service.

One of our investigators looked into Mr T's complaint about Chase and said that they didn't think it had acted fairly. They didn't think Chase could have uncovered the fact that Mr T was being scammed – as this was a particularly sophisticated scam. However, they didn't think that Chase had acted unfairly given the terms and conditions of Mr T's account and that it should have refunded payments relating to the scam that he'd made to the scammer. Mr T's representatives accepted our investigator's recommendation. Chase didn't agree with our investigator's recommendation saying that Mr T hadn't done proper due diligence. In the circumstances, Chase asked for Mr T's complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed on to me.

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.

In this case, I'm satisfied that Mr T made six payments from his account with Chase to the scammer he was speaking to between July and November 2023. I'm satisfied that some of the payments were loans and I agree with our investigator that it wouldn't be fair to hold Chase liable for these payments as they are, in effect, part of a civil dispute between Mr T and the scammer and not part of the investment scam that he's complained about. The loan payments are the third and fourth payment made – for £300 and £350 respectively.

In this case, I'm satisfied that there's no dispute that Chase could not be blamed for not uncovering this scam. Indeed, I'm satisfied that Chase called Mr T on 11 July 2023 about the first payment he tried to make and asked questions. I'm satisfied that Mr T confirmed that he'd made the payment and that no one had asked him to do so and his account wasn't under attack. He also confirmed that the payment was going to their business partner to pay for their FCA licences and that he'd be making further payments in the future to this same payee. More importantly, I'm satisfied that Mr T confirmed he'd known the payee for over ten years and they'd met multiple times. In short, this wasn't the type of payment where I would have expected Chase to have concerns having asked the types of questions I'd expect it to have asked. I should add that the agent provided scam education too.

In this case, and this call is a good example, I agree with our investigator that this particular scam wasn't a scam that Chase had any real prospect of uncovering. I'll explain why and, in this particular case, the implications for this complaint as a whole.

Mr T's representatives told Chase when they complained on Mr T's behalf that he'd been scammed by an acquaintance who he hadn't spoken to for almost 10 years who had recently contacted him out of the blue. We have, however, been sent a copy of Mr T's chat history with the scammer – the chat history we have is almost 700 pages long. I can see from this chat history that Mr T were speaking in October 2022 – over six months before Mr T started making payments that he now says were part of a scam. I'm also satisfied that they'd been speaking before then as Mr T makes a comment about the scammer having “another new number” and “so many burner phones”. There's over 50 pages' worth of chat before they start talking about trading and property – in other words, about potential investments. They start doing so in April 2023. In the meantime, it's clear that they meet up face to face on a regular basis and talk extensively. In April 2023 they talk, amongst other things, about cryptocurrency investment. On 5 April 2023, the scammer suggests he could help put together a private equity fund dealing in real estate which, given Mr T's profession, was an attractive idea. The scammer suggests that they could go half and half on the setting up costs and he could do the work needed to get the fund set up using his contacts. I can see that Mr T and the scammer then spoke in considerable detail about how the business would operate etc and that Mr T shared his professional insight. In order to get the fund up and running the scammer engaged well-known law firms – involving Mr T at the start – and they agreed that they'd need to register with the FCA. I'm satisfied that the scammer shared a substantial amount of documentation with Mr T and forwarded correspondence seemingly from the law firms involved and the FCA, all of which looks highly convincing. I agree with our investigator that because Mr T had known the scammer for so long – and because they'd met face to face on a large number of occasions and clearly had an in-depth relationship – and because Mr T had been sent so much documentation – all of which looks highly convincing – that Chase had very little chance of uncovering this scam as there was very little on the face of it to suggest that Mr T was falling for a scam. The call I mentioned earlier demonstrates this well. The answers Mr T gave were convincing. I can also see that Mr T took steps to check on the legitimacy of what he was being asked to do – for example, doing additional checks on the companies whose invoices he'd been asked to help pay. It was one of those checks – contacting the FCA after he'd been told they'd got their registration – that ultimately led Mr T to discover he'd been scammed after the FCA

confirmed that the registration details he'd given didn't match with the genuine registration number he'd quoted. I'm satisfied that Mr T had concerns by the time he spoke to the FCA, but these concerns were as a result of the scammer having asked for more money and arose more than three months after the last payment he'd made.

For the reasons I've just given, I agree with our investigator that even if Chase had asked more questions than it did it wouldn't have made a difference as the scam wouldn't have been uncovered. It was, in effect, too sophisticated a scam for Chase to have uncovered. For the same reason, I agree with our investigator that it wouldn't be fair to say Mr T was negligent or grossly negligent or didn't carry out appropriate due diligence. That's the basis on which Chase has said it's not liable under its terms and conditions. I agree with our investigator that it wasn't fair, and isn't fair, for Chase to deny liability on that basis.

Putting things right

Given everything I've just said, I agree with our investigator that Chase should refund payments one, two, five and six together with interest consistent with its terms and conditions. Chase cannot fairly say that Mr T didn't carry out appropriate due diligence. So, that's the award I'm going to make.

My final decision

My final decision is that I'm upholding this complaint and require J.P. Morgan Europe Limited trading as Chase to refund payments one, two, five and six together with 8% simple per annum interest from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 April 2025.

Nicolas Atkinson
Ombudsman