

The complaint

Mrs F is complaining about J.P. Morgan Europe Limited trading as Chase because it declined to refund money she lost as a result of fraud. She was originally being represented by solicitors but that arrangement has now ended.

What happened

Sadly, Mrs F fell victim to a cruel romance scam after she met someone online. After they'd been exchanging messages for a few weeks, the scammer began asking to borrow money and Mrs F made the following card payments from her Chase account. Each payment went to one of two cryptocurrency providers before being moved onto the scammer:

Date	Amount £
3 Sep 2023	1,000
6 Sep 2023	100
14 Sep 2023	900
18 Sep 2023	100
29 Sep 2023	200
30 Sep 2023	821.12
1 Oct 2023	100
3 Oct 2023	82.11
12 Oct 2023	163.09

Chase stopped supporting the purchase of cryptocurrency on 16 October 2023 and Mrs F began making payments to the scammer from a separate Electronic Money Institution (EMI). Those payments are the subject of a separate complaint against the EMI. When the EMI blocked her account due to concerns about the payments she was making, Mrs F tried to make a further payment of £100 from her Chase account on 2 November 2023 but this request was declined by the bank. It was shortly after this that Mrs F realised she'd been scammed and she reported this on 4 November.

Our investigator didn't recommend the complaint be upheld. She didn't think Chase should have viewed the payments as particularly suspicious or carried out any further intervention before processing them in line with Mrs F's instructions.

Mrs F didn't accept the investigator's assessment. She pointed out that Chase stopped supporting the purchase of cryptocurrency around this time and should have done more to highlight the potential dangers of the payments she was making. She also said that other high value transactions on her account that the investigator referred to were actually transfers between her own accounts.

The complaint has now been referred to me for review.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that a bank such as Chase is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mrs F authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making any payment.

Chase also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Chase acted fairly and reasonably in its dealings with Mrs F.

The payments

Chase has said it showed Mrs F an in-app warning screen saying it would never ask anyone to approve a payment and that she should hang up if she thought she was speaking to the bank. Beyond this, it doesn't appear to have done anything to substantially intervene in the payment process or provided further warnings about fraud and scams.

I have to take into account that many payments like those made by Mrs F are for genuine reasons and aren't connected to any kind of scam. Having considered what it knew about the payments at the time it received her instructions, I don't think there were sufficient grounds for Chase to suspect Mrs F could be at risk of financial harm from fraud. In saying this, I'm conscious the amount of each payment was relatively low and the payments were spread out over a number of weeks.

Taking everything into account, I can't say Chase was at fault for processing the payments in line with the Mrs F's instructions or that it should have done more to intervene in the payment process or provided additional warnings about fraud and scams.

While not directly relevant here in light of what I've said above, before any finding could be made in Mrs F's favour, I would have to consider whether a more robust intervention would have stopped the scam. This is something I've addressed in Mrs F's separate complaint about the EMI she used to make payments after Chase stopped supporting the purchase of cryptocurrency. For reasons I've explained in my decision on that complaint, I think Mrs F

was under the spell of the scammer when the payments were made and I think she would have wanted to go ahead with them anyway. And I note in her response to the investigator's assessment, when criticising Chase for not intervening, she said "*I'm not saying I still would not have done the transactions*". So by her own admission, it's far from clear that any stronger warning from the bank would have made a difference to the position Mrs F now finds herself in.

I want to be clear that it's not my intention to suggest Mrs F is to blame for what happened in any way. She was under the spell of a fraudster who was clearly adept at manipulating his victims. I can understand why she acted in the way she did. But my role is to consider the actions of Chase and, having done so, I'm not persuaded these were the cause of her losses.

Recovery of funds

I've also looked at whether Chase could or should have done more to try and recover Mrs F's losses once it was aware that the payments were the result of fraud.

As the payments outlined above were card payments, I've considered whether Chase should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.

A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request. Unfortunately, the chargeback rules don't cover scams.

We'd only expect Chase to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Mrs F paid legitimate cryptocurrency exchanges and would have received a service that involved changing her money into cryptocurrency before sending it to the wallet address she supplied it with (albeit the wallet address was provided by the scammer). Mrs F's disagreement is with the scammer, not the cryptocurrency exchanges and it wouldn't have been possible for Chase to process a chargeback claim against the scammer as she didn't pay them directly.

Further, I understand Mrs F first notified Chase of the fraud on 4 November 2023, around three weeks after the last payment on 13 October. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything that Chase could have done differently would likely to have led to those payments being recovered successfully after this period of time.

In conclusion

I recognise Mrs F has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Chase acted fairly and reasonably in its dealings with her and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or

reject my decision before 10 March 2025.

James Biles
Ombudsman