

The complaint

Mr E has complained that J.P. Morgan Europe Limited trading as Chase didn't help him recover his funds and refused to process a chargeback when he was a victim of a scam.

What happened

Mr E approached Chase in July 2024, asking it to process a chargeback request for him on the following card payments he made from his Chase account to an online gambling website.

Payment	Date	Transaction Type	Amount
1	26 July 2024	Card payment	£40.15
2	29 July 2024	Card payment	£149.94
3	29 July 2024	Card payment	£199.89
4	31 July 2024	Card payment	£402.33
5	31 July 2024	Card payment	£1,005.91
	Total:		£1,798.22

Mr E said he believed the website in question was a scam company as he has been unable to withdraw his funds and it was acting illegally as it was unregulated in the UK. So, he asked Chase to request a chargeback on the basis that the website was misrepresenting itself by using incorrect Merchant Category Codes ("MCCs") in order to circumvent any gambling blocks that were placed on the devices he had.

Chase refused Mr E's chargeback request stating the rules set out by Mastercard explicitly stated that there were no chargeback rights for gambling transactions.

Mr E was unhappy with Chase's response and repeated that he ought to have been able to request a chargeback because he hadn't received any goods or services from the gambling website and the merchant had violated the terms of services with Mastercard. So, he brought his complaint to our service.

One of our Investigators looked into the complaint, but didn't uphold it. In short, she said, there was no chargeback right for gambling transactions and that Chase hadn't made an error when it refused to request a chargeback for Mr E. She also said as Chase were not aware of Mr E's history of gambling and the payments didn't suggest he was at risk of financial harm from fraud; it was reasonable for Chase to process them.

Mr E disagreed with the Investigator's findings and repeated that he ought to have been able

to make a chargeback request based on the fact the casino he had used had misrepresented itself with incorrect MCCs. As he disagreed with the Investigator's findings, he asked for an ombudsman to review his complaint again and so it's been passed to me for consideration.

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 Mr E has lost a significant amount of money and I don't underestimate the impact this has had on him. But while I know this won't be the outcome he is hoping for, I don't agree Chase have made an error in refusing to raise a chargeback to help him recover his funds for similar reasons to our Investigator. I know this will come as a disappointment to him, so I've set out my reasons below.

Before I do, I want to reassure Mr E that I've considered everything he has provided. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being, whether Chase should be expected to raise a chargeback to help Mr E recover his loss.

Mr E has also provided various information regarding gambling websites and how they are being accused of scamming customers. However, my role here isn't to investigate the gambling websites. I'm only looking at Chase's responsibilities and if they could have done anything different to firstly identify if the payments were being made as part of a scam, or if they could have done anything differently in helping to recover the payments once Mr E had reported them as a scam.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. Here, it isn't disputed that Mr E knowingly made the payments from his Chase account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Chase is expected to process Mr E's payments, and he is presumed liable for the loss in the first instance.

However, taking into account regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Chase to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Account activity

I need to decide whether Chase acted fairly and reasonably in its dealings with Mr E when he authorised payments from his account, or whether it could and should have done more before processing the payments.

When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for Chase to find between allowing customers to be able to use their account and questioning transactions to establish if they're legitimate. Here, Mr E has confirmed that at the time he was making these payments he was aware that he was using an online casino and that he was making gambling transactions.

Mr E had only recently opened his Chase account before the transactions mentioned above took place and having looked at his prior account usage, his account was typically used for

low value day to day transactions. But while I accept the £1,005.91 payment was higher than payments Mr E commonly made on his account; it isn't unusual for customers to make larger payments from time to time as part of normal account activity. And I don't think the payments here, either individually or collectively, were of a monetary value whereby I would've expected Chase to have had sufficient reason to suspect Mr E was at risk of financial harm from fraud.

It follows that I think it was reasonable for Chase to assume the payments were being made for legitimate purposes. And so, I wouldn't have expected Chase to have taken additional steps or carried out additional checks before processing the payments.

Chargebacks

I've considered whether, on being alerted to the scam, Chase could reasonably have done anything to recover Mr E's losses, but I don't think it could. The only possible option for recovery here, given the payments were made by debit card, would have been via a chargeback claim. However, Chase have confirmed as per Mastercard guidance there are no chargeback rights for gambling transactions, such as the ones described by Mr E.

Mr E has confirmed at the time he was making these payments he was aware that he was using an online casino for gambling transactions, so, on the face of it, I am satisfied that he received the services (in this instance, bets and linked gambling transactions) he was paying for. And, while I appreciate Mr E's comments regarding him not receiving the service he paid for as he was not able to make the withdrawals – the money still entered the recipients account for the purpose Mr E intended, which was gambling, so the chargeback was unlikely to have been successful. And while Mr E has alleged this is a scam (and I don't doubt his version of events) in order to hold Chase accountable for this, as highlighted above, I would need to be satisfied that the payments here, either individually or collectively, were of a monetary value whereby I would've expected Chase to have had sufficient reason to suspect Mr E was at risk of financial harm from fraud. However, based on everything I've seen I can't say this was the case.

Mr E has also mentioned the only reason he was able to use the online gambling website was because the MCCs attached to those transactions were listed as something other than gambling which meant the blocks and safeguarding measures he had put in place didn't work as intended. Mr E said the Mastercard rule relating to 'transaction laundering' allows him to make a chargeback claim as he believes the rule can be applied in scenarios where merchants misrepresent themselves in order to circumvent gambling blocks.

Our service has previously been in contact with Mastercard to understand the designated purpose of the Mastercard rule relating to transaction laundering, and whether or not it could be applied to claims such as the one Mr E attempted to make. In its submissions to this service, a representative from Mastercard confirmed that the rule would not apply in the way Mr E believes it ought to. It also confirmed that there are no chargeback rights relating to transaction laundering in circumstances where an incorrect MCC has been used to circumvent a gambling block as Mr E alleges happened here. It further clarified that the onus sits with the acquirer to ensure that merchants are using the correct codes to identify themselves. Also, the type of MCC used by the gambling website is something outside of Chase's control.

I think it may help to explain that there is no general right for consumers to demand their card issuer attempt chargebacks.

Mr E has also referenced a few other decisions made by different Ombudsman, however we look at each case on their own individual merits, so I can only consider what happened in relation to Mr E's complaint.

In summary, I'm sorry to hear that Mr E has lost money to a gambling company. And it's clear that Mr E has sought to reduce the opportunities available to him to gamble, by adding gambling blocks on his devices. But, given all of the circumstances of this complaint, I don't think that Chase acted unfairly or unreasonably - firstly in allowing the payments to be made and secondly in refusing to process a chargeback for Mr E.

My final decision

For the reasons set out above I don't uphold Mr E'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 E to accept or reject my decision before 15 September 2025.

Israr Ahmed

Ombudsman