

The complaint

Miss A complains that J.P. Morgan Europe Limited, trading as Chase, won't reimburse her funds she says she lost to fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In October 2021, Miss A met a third-party, who I will refer to as Mr S, through an online dating platform. After talking they decided to meet and eventually formed a relationship.

Between November 2022 and January 2024, Mr S requested several loans from Miss A to support his business ventures buying and selling motor vehicles. This was posed as an investment opportunity that would earn Miss A interest on those investments.

The following table outlines the loans agreed and payments made:

Date and loan amount	Payments made	Outstanding loss
6 June 2022 - £12,000	3 payments from third-party account	£0 – loan repaid
3-4 November 2022 - £50,000	2 payments made from Chase account	£0 – loan repaid
10-13 December 2022 - £10,000	4 payments made from Chase account	£0 – loan repaid
13-16 March 2023 - £71,000	1 payment made from Chase account; 3 payments made from third-party account	£0 – loan repaid
16-17 January 2024 - £115,000	2 payments made from Chase account	£89,999.58

In or around June 2024, Miss A hadn't heard from Mr S for several days—which was out of character—, so she decided to contact a family member of Mr S. It was at this stage Miss A discovered Mr S was detained in prison awaiting sentencing for fraud. After conducting research, Miss A concluded she'd been defrauded by Mr S and reported the matter to Chase.

Chase considered Miss A's claim but concluded that it wasn't liable to reimburse her. It found after considering the evidence that the matter was a civil dispute between Miss A and Mr S, as there was no indication she'd been the victim of fraud.

Unhappy with this response, Miss A referred her complaint to our service for an independent review. An Investigator considered the evidence provided by both parties but concluded Miss A was likely the victim of fraud. They therefore recommended Chase reimburse Miss A her loss in line with its account's terms and conditions.

Chase disagreed with that assessment. It argued that the long-term personal relationship Miss A had with Mr S, along with a history of loan repayments, indicated the matter wasn't likely to be a case of fraud.

As Chase disagreed with the Investigator's assessment and recommendations, the matter has been passed to me to decide.

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.

Considerations

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

There is no dispute here that Miss A authorised the transactions in question. And the starting position in law is that she will be held liable for transactions she authorised in the first instance. That is due to Chase's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, at the time the payments subject to this dispute were made, Chase's terms and conditions—section 10—set out that its customers would generally get a refund for a payment if they sent money to someone for what they thought was a genuine purpose, but which was actually fraudulent.

Chase's primary argument here is that there is insufficient evidence to support the assertion that Miss A has been the victim of fraud, so this term ought not to be relied upon. Therefore, I must first make a finding on whether I find Miss A has likely been the victim of fraud here or not.

Was Miss A likely the victim of fraud?

I cannot know for sure the intentions of Mr S at the time he requested loans from Miss A for the purpose of investment in his business ventures. But I can infer from the evidence what I deem to be the more likely motivation here.

I have considered Chase's arguments carefully and agree that it's not typical for a fraudster to pay back such significant funds over a number of years where their intention is to ultimately defraud that individual. I have also considered Miss A's close and long-term personal relationship with Mr S during this time, which when looked at in conjunction with the significant repayments made, does appear to give the impression that this was a loan requested in good faith. But there is significant evidence that has been provided as part of this complaint that would indicate Miss A has been the victim of fraud despite the above factors.

Mr S is currently serving a prison term for fraud. And our service has confirmed via a law

enforcement official that the fraud to which Mr S was convicted was one of investment fraud. The method to which Mr S perpetrated that offence includes:

- the creation of false relationships with the victims which were maintained under false pretences over a number of years.
- evidence that Mr S fabricated evidence that gave the false impression he was operating a successful business to extract further funds.
- fabricated evidence that Mr S worked in the finance industry—providing a false sense of credibility and wealth.

It is clear from the evidence Miss A has provided—which is supported by law enforcement—that Mr S used the same methods in extracting funds from her.

Prior to persuading Miss A to invest, Mr S provided fabricated documents claiming he had contracts with reputable third-party businesses. He also provided emails purporting that he was due a significant severance package from an employer in the finance industry. Law enforcement has confirmed that both claims were false. The evidence suggests that Mr S had never owned a single business-related vehicle, nor bought a vehicle with the funds he'd been loaned.

Further, Mr S is listed as a director of a business that was dissolved in 2021. In wrapping up that business, the administrator's report suggests that over £1 million of investment assets were in fact used by Mr S for gambling. I find it likely here that Miss A's funds were used for similar purposes.

The law enforcement official that is currently dealing with Miss A's criminal complaint has described her as a "victim of a highly organised and long term 'romance fraud' criminal offence" and has suggested other victims are currently being identified for similar offences, with a similar modus operandi. I don't find it likely this description has been given lightly by the officer based on the evidence available to her.

Chase must also be alive to the possibility that Miss A was paid returns from the investment to persuade her to part with further, more significant, funds. Something that is supported by a request to loan a further £200,000 prior to being unmasked as a convicted fraudster. There is also a possibility that, as is seen in other instances of such frauds, that Mr S was repaying Miss A's investments with funds that had been sourced from other victims. I realise some of these scenarios are speculative, but I merely point them out to demonstrate that they aren't substantive indications Mr S set out with innocent intentions.

Taking into consideration all the above factors, I find—on the balance of probabilities—that Miss A has likely been the victim of fraud here.

Is Miss A entitled to a refund?

As I've already touched upon above, Chase's account terms and conditions state:

"You'll generally get a refund for a payment if you have any of the problems set out below, unless you've been fraudulent, in which case no refund will be provided".

Within the list of problems, it goes on to state:

"A payment where you're tricked into sending money to a fraudster.

This is where you:

Either intended to send money to a particular person, but you were tricked into sending money to someone else; or sent money to someone for what you thought was a genuine purpose, but which was actually fraudulent.”.

I have already provided my findings on why I believe Miss A to have been a victim of fraud here, so it's clear she meets the above criteria for a refund.

Chase has argued that under the “other info and conditions” section of these terms, it states:

“To decide whether to give a full or partial refund, we'll look at each case on its merits and apply industry standards”.

Chase has made submissions that when applying industry standards at the time, it ought not to be held liable for the loss. It argues that even were it to have intervened in the payments made and probed the purpose of the payments, there would have been no concerns about them. They were loans to a close and trusted person with a history of honouring repayments, therefore would not have been suspicious in nature at all.

I agree that there likely would have been little Chase could have done to prevent this fraud for the same reasons it has given. But Chase's terms and conditions set out that a victim of fraud will *generally* be provided a refund unless:

- they have acted fraudulently
- they are at fault in some way

Chase has provided no such arguments in this case, and I have found no evidence of either in my investigations. It therefore follows that in line with its account terms and conditions, Miss A is entitled to a refund here.

Should Miss A take partial responsibility for her loss?

I've thought about what the law says regarding contributory negligence, and whether Miss A ought to have done more here to protect herself.

This is a highly uncommon method in which fraudsters use to extract funds from their victims. Typically, fraudsters will attempt to extract funds from their victims as quickly as possible and with minimal personal contact. There are however rare cases where they will build rapport with the victim over a significant period of time and, in even rarer cases, build up a close and personal relationship with the victim.

Miss A clearly placed a significant amount of trust in Mr S, who had over time made her believe he was in a relationship with her, introduced her to friends and family members, and had made her believe she was assisting him with legitimate business ventures. He had created a false sense of financial security by repaying significant loans, falsifying evidence that he ran a successful business and had a previous career in finance that paid a significant salary.

In typical cases of investment fraud, one would expect a reasonable person to carry out a significant amount of due diligence on such investment proposals before proceeding to make payments. But the atypical circumstances surrounding the social engineering that took place here meant that those due diligence checks weren't reasonably necessary.

For these reasons, I don't find Miss A should be held partially liable for her loss. I find that it was reasonable for her in the circumstances to accept the proposal at face value and that there was little else she could have done to protect herself from being a victim of fraud.

Putting things right

Chase now ought to reimburse Miss A the remaining loss she has suffered.

As well as this, it should also pay 8% simple annual interest on this amount from 15 days after Miss A raised her fraud claim with it. That's to reflect the deprivation of those funds from the point Chase ought to have refunded her.

My final decision

For the reasons I have given above, I uphold this complaint and direct J.P. Morgan Europe Limited, trading as Chase, to:

- Refund Miss A £89,999.58
- Pay 8% simple annual interest on the amount from 15 days after the fraud claim was made to the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 22 October 2025.

Stephen Westlake
Ombudsman