

The complaint

Mr H, a representative of a limited company that I will call C, complains that J.P. Morgan Europe Limited trading as Chase (“Chase”), have failed to refund money that was lost as part of an investment scam.

What happened

Mr H came across a company that purported to be an investment firm but was actually a scammer that I will call D. Mr H was persuaded to make a number of payments from his Chase account to a crypto exchange. The funds were then converted to crypto and sent on to D.

Mr H made around 10 payments totalling over £110,000 via transfer to a crypto exchange between September and October of 2023.

Mr H then tried to withdraw the “profits” that he had made and when he was unable to do so, D then stopped all contact with Mr H. It was at this point that he realised he had been scammed.

Mr H raised a complaint with Chase, as he believed that it should have stopped him from making the payments in question.

One of our investigators looked into this matter and they decided that the payments were not indicative of a scam and therefore should not have been stopped by Chase. He also did not think that the funds could be recovered via other means. He therefore did not uphold this complaint.

Mr H did not agree with these conclusions. So his complaint has been passed to me to issue a final 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

In broad terms, the starting position is that Chase is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer’s account.

But, taking into account relevant law, regulators’ rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Chase should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;

- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so, given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Chase sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Chase did intervene on a number of occasions. During these calls on numerous occasions Mr H was asked where he was sending the funds and at no point did he mention that the funds were going to D. Each time he was asked he said he was sending funds to the crypto exchange to invest in Bitcoin, when in fact he was sending funds to purchase Bitcoin which was then sent on to D. There was no mention of a broker being involved. Mr H stated that he had done his own research and when asked repeatedly if he had checked the FCA warning list, he said that he had. But I don't think he had because if he had researched D or checked the FCA warning, he would have discovered a warning specifically about D. I think that Mr H repeatedly saying that he had done this meant that it lessened Chase's concerns about what Mr H was doing.

I also can see that Chase did give general warnings about the common features of crypto scams. He was warned that if he was promised to good to be true returns or if he found the investment through an advert on social media it could have been a scam. I therefore think that Chase's interventions were broadly proportional, given the answers that Mr H gave throughout the scam.

So given this and taking everything into consideration I don't think that Chase could have uncovered or prevented the scam.

I've also thought about whether Chase could have done more to recover the funds after Mr H reported the fraud.

I've also gone on to consider the terms and conditions of Mr H's Chase account which set out the circumstances in which it will refund customers if they've been tricked into sending money. But these only cover scenarios where money is sent to someone else, i.e., a third party. In this case, the payments were made to cryptocurrency wallets in his name. The money didn't directly go to the scammer from his Chase account. So, Mr H wouldn't be entitled to a refund under Chase's terms and conditions either.

Chase are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because Chase are not signatories of the code. I also don't think that the funds could have been recovered by a chargeback, as the money was used to purchase crypto - which he duly received. It was only when he transferred the crypto to the scammers did the loss occur. So, I don't think that Chase could have recovered the funds via other means.

I appreciate this will likely come as a disappointment to Mr H, and I'm sorry to hear he has been the victim of a cruel scam. However, whilst I have a great deal of sympathy for the situation that Mr H found himself in, I'm not persuaded that Chase can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 April 2025.

Charlie Newton
Ombudsman