

## **Complaint**

Ms B is unhappy that J.P. Morgan Europe Limited (trading as Chase) didn't reimburse her after she told it she'd fallen victim to a scam.

## **Background**

In January 2024, Ms B was contacted by someone claiming to be an employee of a bank I will refer to as F. The caller informed her that the security of her F account had been compromised and claimed that suspicious transactions had been blocked in areas of the country where Ms B didn't live.

To demonstrate that they were genuinely from F, the caller sent her a text message that appeared as if it was a legitimate message sent by F. This persuaded Ms B that the caller was a genuine representative of the bank. Additionally, the fraudster seemed to have some basic personal details about her which helped to support their credibility. Unfortunately, although Ms B didn't realise it at the time, the caller wasn't a genuine employee of F, but a fraudster. Ms B speculated that she may have been targeted due to a phishing attempt, potentially from a message purporting to be from Royal Mail, but she was uncertain about this.

During the call, the fraudster learned that most of Ms B's savings were held in an account with Chase Bank. He claimed he would contact Chase to secure her account. A second fraudster, posing as a representative from Chase, contacted Ms B and informed her that her Chase account was also compromised. Ms B was asked to check her banking app, where she says she saw two declined payments to a gift card company. The fraudster claimed these were evidence of fraudulent activity, although Chase's records suggest these transactions had not yet occurred at that point.

The fraudster persuaded Ms B to confirm her card details, which were then used to initiate a payment of over £5,000. Ms B was presented with a screen asking her to authorise the transaction. She says the fraudster assured her that this step was necessary to secure her account and that the funds would be returned within four hours.

When Ms B realised she had been scammed, she reported the incident to Chase. However, it didn't agree to refund her. It said she should've done more to verify that the caller was genuine. Ms B wasn't happy with that response and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it. Ms B disagreed with the Investigator's view and so the complaint has been passed to me to consider.

## **Findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I issued a provisional decision on 6 March 2025. I wrote:

*In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. The terms and conditions of Ms B's account set out what protections are offered to customers who fall victim to fraud. They say that customers will "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." It goes on to say that it won't pay a refund if "we find you should've known you were being tricked into sending money to a fraudster."*

*In addition to that, good industry practice required that Chase be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.*

#### *The terms of the account*

*I've considered whether Ms B should've recognised that she was being defrauded. From the information that I've seen, the fraudsters had to take some steps to persuade her that they were genuinely calling from F. She didn't take the claim entirely at face value. In particular, the fraudsters were able to send her a text message that appeared as if it had authentically been sent by F. She wasn't aware that it was possible for fraudsters to disguise the origins of text messages in that way and so this persuaded her that she was genuinely speaking to an employee of F and then, later, an employee of Chase. Her subsequent actions have to be seen in that context. She sincerely believed that she was following the advice of an employee of her bank. For those reasons, I'm not persuaded that she ought reasonably to have recognised she was being tricked into making the payment.*

*I can see that Ms B was asked to manually approve the payment and she'll have seen the following warning when doing so:*

*Approve this payment?*

*We'll never call you to approve a payment. If you think you're talking to us, hang up and tap "Stop payment"*

*Ms B says that she remembers there being a countdown timer meaning that she needed to respond to the question promptly. Fraudsters running safe account scams are known to exert continuous pressure and create a sense of urgency, making it difficult for victims to think critically about the information that's being put to them. Ms B's testimony is consistent with that - she described the fraudster as "constantly in my ear putting the fear of God into me." While, with the benefit of hindsight, Ms B's actions might appear careless, the psychological tactics employed by the fraudsters played a significant role.*

*Overall, I'm not persuaded that I can conclude that Ms B ought reasonably to have recognised that she was being tricked into making these payments. It follows that Chase should now refund her under the terms and conditions of the account.*

### Other issues

*I've explained that I'm likely to find that Chase needs to refund Ms B in reliance on the terms and conditions of her account. But even if I didn't think that, good industry practice required that Chase be on the lookout for significantly out of character payments. I'm persuaded that this first payment meets that description. It was more than ten times the size of the next largest transaction from the account in the six months prior to the scam. I recognise that a warning was displayed and that some of the material in that warning was relevant to Ms B's circumstances. But given the risk presented by the payment, I don't think displaying a warning was a proportionate response. Instead, Chase should have temporarily paused or stopped the payment and contacted Ms B to establish the circumstances surrounding it. If it had done so, I think it's more likely than not that the premise of the scam (i.e. that she was talking to an employee of the bank) would've been undermined and her losses prevented.*

*I've also considered whether it would be fair and reasonable for Ms B to be considered partially responsible for her losses by way of contributory negligence. I explained above why I don't think she ought reasonably to have recognised that she was being tricked into making the payment and I don't think she can be said to have been contributorily negligent for broadly the same reasons. In those circumstances, I don't think a deduction for contributory negligence would be fair and reasonable.*

I asked both parties to provide any further evidence or arguments by 25 March. Ms B responded to say that she accepted the provisional decision, but Chase didn't respond.

Since neither party has brought forward any new evidence or arguments to challenge the findings in the provisional decision, I don't see any reason to depart from it. I'm therefore upholding Ms B's complaint for the reasons set out above.

### **Final decision**

For the reasons I've explained, I uphold this complaint. If Ms B accepts my final decision, J.P. Morgan Europe Limited needs to refund the money lost to the scam. It also needs to add 8% simple interest per annum calculated to run from the date of payment until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 24 April 2025.

James Kimmitt  
**Ombudsman**