

The complaint

Mr P complains that J.P. Morgan Europe Limited trading as Chase (“Chase”) failed to refund a direct debit that he’d cancelled.

What happened

Mr P signed up with a merchant (referred here as L) to enter lottery competitions. The monthly fee was £54.00, which Mr P agreed for the payment to be taken via a direct debit.

Mr P said he had second thoughts and wrote to L prior to the first direct debit leaving his account to cancel the arrangement.

Mr P said he also told Chase by phone that the direct debit was being cancelled. The first direct debit was due to leave the account on 18 December 2024 and on that day, Mr P noticed the payment for £54.00 had been taken by L.

Mr P advised Chase about it in a phone call he had with them later that day. Chase stopped future direct debits from leaving the account and raised an indemnity to challenge the payment with L. Chase provided a temporary refund to Mr P while they looked into the matter.

L responded to Chase and provided evidence of the agreement between themselves and Mr P about the payment (which included a 14-day period with which Mr P could cancel the agreement). L advised that they’d not received any notice to cancel the agreement and declined to refund the payment. Mr P provided Chase with a copy of a letter he said he’d sent to L cancelling the agreement. Chase couldn’t verify that the letter had been sent or to which address.

Chase didn’t have any records of Mr P asking for a cancellation (prior to the 18 December call) and based on L’s evidence, they told Mr P they couldn’t reclaim his money and took back the temporary refund.

Mr P was left unhappy and complained to Chase. After they investigated the issue, they didn’t change their position. Mr P then brought his complaint to the Financial Ombudsman Service for an independent review.

An investigator reviewed evidence provided by the parties. He concluded that Chase had acted fairly when they raised an indemnity. Given there was no evidence to show that L had received notice to cancel the payment and Chase themselves had no instruction to cancel it (until it had already left the account), the investigator recommended the complaint not be upheld.

Mr P disagreed and asked for a further review of his complaint which has now been passed to me for a 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.

There doesn't seem to be any disagreement here that the direct debit was originally set up with Mr P's permission. What appears to be the issue is that Mr P said he removed that authority prior to the payment leaving his account, whilst neither Chase nor L have any evidence to show this was received.

Mr P provided a copy of a letter purporting to cancel the agreement which he says was sent straight to L. Unfortunately, there's no way to prove this was sent or received by L. They (L) told Chase that the agreement was still in force when the payment was taken. Having looked at the letter they sent to Mr P, this explained the way the payments worked and there was a 14-day period available for the agreement to be cancelled.

The date on this letter is the day before Mr P said he wrote to L. It's apparent from L's letter that they would cancel the agreement if they received notice within that period, so I think the fact that they took the payment supports the position that they didn't receive any notice to cancel.

Mr P said he also told Chase to stop the direct debit, although they can't find any record of this. The first mention of it in Chase's records is the day the payment was taken. Unfortunately, this was too late to do anything about the payment as it had already been authorised based on the earlier agreement Mr P had entered into with L.

I have some sympathy here for Mr P as he no longer wanted the agreement to continue, believing he'd been persuaded into it by L's representatives. This complaint only relates to Chase's actions here, so having looked at how they dealt with the information and the timings, I don't think they acted unfairly towards Mr P.

The evidence shows Chase first knew about the issue after the payment had already left the account. Their decision to then cancel future direct debits, raise an indemnity and provide a temporary refund was a reasonable one and something I'd expect to see in this situation.

Once they received evidence the direct debit was still in force, they couldn't reasonably do anything more and took back the refund. I think, on balance, that Mr P had properly authorised the payment when he completed the direct debit instruction. The cancellation wasn't notified until after the first payment, so I can't hold Chase liable for the payment leaving the account or failing to recover it.

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 Mr P to accept or reject my decision before 25 July 2025.

David Perry
Ombudsman