

## **The complaint**

Mr A complains that J.P. Morgan Europe Limited trading as Chase won't refund money he lost when he fell victim to a car purchase scam.

## **What happened**

Mr A saw a car for sale, on a well-known e-commerce marketplace, that he was interested in buying. He says he checked the website of the seller's company and saw good reviews. Mr A contacted the seller who provided further information and additional pictures of the car and said they were looking to sell it for £9,450. The seller explained that they were selling the car for a lower price because it had been acquired from an auction.

Mr A paid for an HPI check to satisfy himself that the car was as described by the seller. After showing interest in the car, he was asked to pay a deposit of £1,000. The seller advised Mr A that he would need to pay the deposit and the balance to a third-party company who was acting as their agent and was handling the payment settlement and delivery of the car. Mr A says he checked for reviews of the third-party company and found one customer review which was positive. On 5 February 2024, Mr A paid the deposit by making a faster payment to the third-party from his Chase account.

Mr A says the next morning the seller told him that three more buyers were interested in buying the car and he should pay the remaining balance as soon as possible otherwise he risked the chance of missing out. He understood that once the car was delivered, he had ten days to inspect it. In that period, should he decide to return it, he would get his full money back and the third-party company would handle the shipping.

Mr A paid the remaining balance, also using the faster payment scheme, on 6 February. The payment was initially blocked by Chase and Mr A was required to phone the bank to discuss it. When asked about the payment purpose, he told the agent he was buying a car. The agent asked Mr A if he'd seen the car and he said he hadn't. He went on to explain that his money would be with a third-party for the first ten days which gave him time to verify everything. The agent advised Mr A that other customers were falling victim to scams and it was important that he sees the car in person before making any payments. Mr A said he would give the seller a call and told the agent that he was happy for the payment to be cancelled.

Mr A attempted to pay the remaining amount later that day, but it was also blocked for security checks. This time, he told the agent that he had seen the car. He also confirmed that he'd checked customer reviews of the seller and had the logbook emailed to him. The agent asked him if he'd considered making the payment via a debit card and Mr A said yes. After providing a scam warning, the agent released the payment. When the car didn't arrive within the stipulated period and the seller as well as the third-party stopped responding to him, Mr A realised he'd fallen victim to a scam. He reported it to Chase on 13 February.

Chase was unable to recover the funds from the beneficiary bank and refused to refund the transactions. It said it provided a warning to Mr A at the time of the payment and he didn't take reasonable steps to check who he was paying. Our investigator didn't think Chase

should reasonably have been expected to prevent Mr A's payments. They explained that it had discussed the second, larger, payment with him but Mr A still wanted to go ahead despite warnings and questioning from Chase.

Mr A disagreed with the investigator's findings and asked for a final decision on his complaint. He said he and his friend saw the car on screen only. Mr A also said he suggested using his debit card to the seller, but it didn't go.

I issued a provisional decision earlier this month and explained why I intended agreeing with the investigator's outcome. I said:

*"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 be good industry practice at the time.*

*In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. The terms and conditions of Mr A's Chase account set out circumstances in which it will refund customers if they've been tricked into sending money. The relevant terms in place at the time of the payments state:*

## **10. Refunds and help**

### **Refunds**

*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.*

...

### **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 person, but which was actually fraudulent.*

### **If you're at fault in some way**

*If, taking everything into account when the payment was made, we find you should've known you were being tricked into sending money to a fraudster you won't get a refund.*

*It isn't in dispute that Mr A was scammed, and his payments went to a fraudster. I've considered whether he's due a refund in accordance with the above terms, or whether he ought reasonably to have known he was being tricked into sending money to a fraudster.*

*I've thought about the steps Mr A took to reassure himself about the legitimacy of the transaction and whether it was reasonable for to proceed with the payments. From what Mr A has told us, the fraudster introduced a third-party company which gave*

him some reassurance that his transaction was more secure. But the car Mr A wanted to purchase was advertised for sale at £9,450 including delivery to his address. Having reviewed the recognised industry trade guide that provides average car sale prices based on make, model, vehicle age and mileage, this price is considerably less than what a comparable car was being sold for at the time of the scam. The information I've seen suggests the typical market value for this car with this specification and in this condition was around £22,000.

I recognise that the fraudster told Mr A that the car had been acquired at an auction following a repossession. So, I do accept that under such circumstances a car might not achieve a price towards the top end of the estimated market value. But I think Mr A should have been much more sceptical about why someone would be willing to sell this car for so much under its market value – despite what they'd already told him.

I accept that Mr A did undertake some checks, but he ultimately placed a lot of trust in strangers. I consider that he ought to have had greater concerns about the deal and that, in turn, ought to have led to a greater degree of scrutiny on his part. Buying a car at a considerable discount without seeing it first is always a big risk. And I can see that Chase highlighted this risk to him. Then there's also the fact that Mr A wasn't required to pay delivery charges – not even if he decided he didn't want to keep the car. I also note that when Mr A made the initial contact with the seller, the reply containing further details about the car came from a personal email address rather than a corporate email address. I think this should have been a red flag given legitimate employees don't tend to correspond with external parties about work-related matters from their personal email address.

I think Mr A should have done more than he did to question the arrangement before paying any money. By not carrying out sufficient checks to independently verify the situation when the purported sale price was so far under the true value, I find Mr A ought to have been concerned about the legitimacy of the transaction and that he was likely being tricked into sending money to the fraudster. What this means is that I don't think Mr A would be entitled to a refund under Chase's terms and conditions.

Outside the provisions of the account terms and conditions, Chase ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances. Having considered the account activity, I don't think there were any factors at play here such that the initial disputed payment of £1,000 ought to have given Chase cause for concern.

The second, larger, payment did flag for additional checks and Chase made enquiries of Mr A. I've listened to the call recording and the agent warned Mr A about the importance of seeing the car in person when making a purchase of this nature. And Mr A seemed to take that advice on board as he was happy for the payment to be cancelled while he contacted the seller. When he attempted to make the payment again later that day and it was also blocked, by telling the agent that he had seen the car when he was asked that same question, he provided reassurance to Chase that everything was above board. I don't think the bank could reasonably have known that Mr A hadn't seen the car in person like he'd been recommended to during the previous call.

The agent did ask Mr A if he'd considered making the payment via his debit card and indicated he had. It's unfortunate that nothing further was discussed in relation to this alternative payment method. But I don't think that this would have prevented Mr A

*from going ahead with the faster payment, given he's recently told us that he did suggest using his debit card, but the payment didn't go through.*

*I've also considered whether Chase could have done anything more to recover Mr A's money once it was notified of the scam. Fraudsters tend to move money from the receiving bank account quickly as they're aware of the likelihood of recovery attempts by the sending bank. So, it isn't uncommon that very little or no funds remain if recovery isn't attempted soon after the scam has taken place. Mr A didn't report the scam to Chase until around a week after he made the last payment. Although Chase contacted the receiving bank in a timely manner, unsurprisingly, it was informed that there were no funds left to return. In the circumstances, I don't think Chase could or should have done anything further.*

*I understand that Mr A has raised some questions and concerns about the actions of the receiving bank and what attempts are being made to track down the scammer. As the investigator has explained, Mr A will need to raise his enquiries about the receiving bank with that bank directly. The complaint I'm deciding is about the acts and omissions of Chase. This also means that we can't help him track down the scammer.*

*In summary, I recognise that this will come as a considerable disappointment to Mr A and I'm sorry that he's lost a large sum of money to a cruel scam. But in the circumstances, I'm not persuaded that Chase can fairly or reasonably be held liable to reimburse him for his losses."*

I gave both parties an opportunity to provide further comments and evidence for my consideration before I finalise my decision.

Chase hasn't responded despite being sent a reminder. As the deadline to respond has now passed, I've assumed it has nothing further for me to consider.

Mr A has provided further comments on why he believes Chase should refund the money he lost. In summary, Mr A states he took several reasonable steps to verify the legitimacy of the purchase – checking the seller's website and reviewing customer feedback, paying for an HPI check to confirm the car wasn't stolen or written off, and researching the third-party company and finding a positive customer review. Mr A says he was given reassurances at each stage and the information gave the impression he was making a genuine transaction. He states Chase ought to have applied the standards under the Contingent Reimbursement Model Code ("CRM Code") – even though its not signed up to it, it's still reasonable to expect it to take similar protective steps.

### **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 thank Mr A for his comments which I've carefully read. Having done so, his appeal hasn't persuaded me to change the outcome reached in my provisional decision. I appreciate that this will be disappointing news for Mr A, but I'll explain why.

The CRM Code was a voluntary code which required firms to reimburse customers who had been the victims of authorised push payment (APP) scams in all but a limited number of circumstances. As Mr A has acknowledged, Chase wasn't a signatory to the CRM Code while it was in place. While I appreciate that he believes it's reasonable to expect Chase to

adhere to similar principles, it chose not to commit to the Code – as a signatory or otherwise. As such, it's not required to consider Mr A's scam claim under the provisions of the CRM Code.

As I mentioned in my provisional decision, Chase's account terms and conditions do set out circumstances in which it will refund customers if they've been tricked into sending money. I also explained why I don't think Mr A would be entitled to a refund under the account terms and conditions. In his appeal, I can see that Mr A has explained he took several reasonable steps to verify the legitimacy of the car purchase. But I'd already taken that information into consideration when reaching my provisional findings. For the reasons previously given, it remains that case that I think Mr A should have done more than he did to question the purchase arrangement before paying any money.

I can see Mr A has said he feels that more could and should have been done by Chase to either warn him of the risk or to assist in recovering the funds once he reported the scam. Chase did warn him about the possibility of being scammed – it suggested seeing the car in person before making any payments. I acknowledged in my provisional decision that Chase could have discussed alternative payment methods with Mr A. But I also explained why I didn't think it would have stopped him from going ahead with the payment – Mr A would have told the agent that the card payment hadn't worked so he was making a faster payment.

In summary, while I don't discount the fact that Mr A took some precautions, for the reasons set out in previously and in this decision, I don't find that Chase can fairly or reasonably be held liable to reimburse him for his losses.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 May 2025.

Gagandeep Singh  
**Ombudsman**