

The complaint

Ms L complains that J.P. Morgan Europe Limited trading as Chase hasn't reimbursed the money she's lost to a scam.

What happened

Ms L received a call from a withheld number, from a scammer impersonating Chase. The scammer knew some of her personal details and information about her Chase account/s (including that she'd previously reported a fraud to Chase). The scammer told Ms L that they were calling from Chase's fraud team because they'd been keeping an eye on her accounts after the previous fraud, and they'd seen that her account was under attack. After asking Ms L to check her accounts for suspicious activity, the scammer instructed her to move her money to a new account they'd set up for her with urgency, to keep it safe. Ms L has explained that the scammer was very familiar with Chase's internal processes, and he gave her what she thought was a Financial Conduct Authority ('FCA') reference number. She's said she was in a panic and believed what the scammer was telling her. Ms L transferred the following payments to the new account:

Date of payment	Time of payment	Amount of payment
1 July 2023	18:40	£9,280
1 July 2023	19:31	£1,710
2 July 2023	12:17	£2,280

The scammer told Ms L that Chase would present her with warning messages and coached her through them. He also said that Chase would want to talk to her about the payments before letting them go, but she shouldn't disclose that she was speaking to him, and she should lie about the reason she was making payments.

Ms L says she was more susceptible to the scam at the relevant time because she was caring for her young child, who has diagnosed special needs conditions.

After making the disputed payments, Ms L realised she'd fallen victim to a scam and asked Chase to reimburse her.

Chase has been unsuccessful in recovering Ms L's funds and it has declined to reimburse her. It's said that all of the disputed payments were flagged for further checks, and it spoke to Ms L about them on three separate occasions. Ms L wasn't truthful with it when it spoke to her, so it was unable to protect her from the scam.

What did our investigator say?

Our investigator didn't uphold this case. They thought that the disputed payments

represented a fraud risk, and it was correct for Chase to speak to Ms L about them. But they said that Chase wasn't given the correct information it needed during those conversations to effectively protect Ms L from financial harm.

Ms L didn't agree with our investigator's findings. She said that Chase's interventions were insufficient. Firms should hold customers' answers up to a reasonable level of scrutiny, and not just take them at face-value. It is typical for scams to involve some level of coaching, and firms should account for that.

The case was passed to me to decide.

My provisional decision

I issued my provisional decision on 21 March 2025. I'll set out my findings below.

It's common ground that Ms L 'authorised' the disputed payments. So, even though she was the victim of a scam, and she didn't intend to pay a fraudster, the payments were 'authorised' under the Payment Services Regulations. Chase had an obligation to follow Ms L's payment instructions, and Ms L is presumed liable for her loss in the first instance. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I think that Chase should:

- Have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering and the financing of terrorism.
- 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 (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks 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 before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

All of the disputed payments triggered Chase's fraud detection systems. So, it's reasonable to expect Chase to have intervened with them before letting them go, and it did – Chase spoke to Ms L on the telephone about all of the disputed payments.

During Chase's interventions, I would expect to see that it had:

- Asked probing questions to get into the detail of the payments, providing context around the questions it was asking.
- Reacted to the information Ms L provided and questioned anything implausible or unusual.
- Been on notice that consumers might be equipped with a 'cover story', so their answers shouldn't always be taken at face-value – challenging them where there are reasons to think they might not be being truthful.

When Chase spoke to Ms L regarding the first disputed payment:

- Chase asked Ms L for the payment purpose, and she said she was buying a neighbouring property.
- Ms L told Chase that she was purchasing the property from a friend she'd known for a long time and said she was confident the friend was a legitimate person who had

given her their account details in-person.

- Ms L confirmed that she would be making further payments to her friend and said that the total purchase price of the property she was buying was £25,000.
- Chase asked Ms L if she'd received any communication asking her to move her money because her account was under attack, and she answered in the negative.
- Chase asked Ms L how she had come to agree to buy the relevant property and she said *"It's already been confirmed."*
- Chase asked Ms L whether a solicitor was involved and, when she confirmed, it pointed out that it's usual practice to pay funds to the solicitor, not the property owner. Ms L said she wasn't doing that as she knows the owner and can transfer money directly to her.
- Chase warned Ms L that if it turned out she was making a payment to a scam, she may not get her money back and said it was her responsibility to ensure the transaction was genuine.

When Chase spoke to Ms L regarding the second disputed payment:

- Chase asked Ms L if she'd received any communication saying her account had been hacked or compromised and/or asking her to transfer her money to a safe account and explained that it had seen a number of people falling victim to scams when making similar payments. Ms L answered in the negative.
- Chase asked Ms L who the payment was going to, and she said she was paying a friend, who lived across the road, for a property purchase. She confirmed that the property was a house which she had seen.
- Ms L confirmed to Chase that she trusted the seller, she was confident this was a legitimate transaction, and she had the relevant paperwork.
- Chase warned Ms L that if it turned out she was making a payment to a scam, she may not get her money back and said it was her responsibility to ensure the transaction was genuine.

When Chase spoke to Ms L regarding the third disputed payment:

- She confirmed to Chase that no-one was forcing her to make the payment, and that she hadn't received communication from anyone asking her to move her money to a safe account or telling her that her account was under attack.
- Chase warned Ms L that if it turned out she was making a payment to a scam, she may not get her money back and said it was her responsibility to ensure the transaction was genuine.

I acknowledge that Chase did carry out interventions and that they were unsuccessful in halting the scam. But I think this is because of the quality of the interventions.

I note that Ms L was misleading Chase and hindering its attempts to identify the fraud risk, but I think Chase's interventions were superficial and it ought to have done more to try to prevent financial harm during the interactions, probing and challenging Ms L appropriately instead of taking her answers at face-value, and providing context around the questions it was asking.

Ms L gave Chase some concerning information during its conversations with her – for example, the price of the property was too good to be true and, as Chase picked up, she said she had instructed a solicitor for the property purchase but, unusually, she was sending funds directly to the property owner. If Chase had probed and challenged Ms L, I think it's unlikely she would've been able to keep up a persuasive cover story in the circumstances – particularly if Chase had asked her for sight of the paperwork she said she had. And if

Chase had provided context around the questions it was asking – for example, by explaining why it wanted to know if she'd been asked to move money to a safe account and setting out some of the key features of safe account scams – then Ms L may have recognised the risk of harm from fraud for herself and discontinued the disputed payments. And, of course, Chase could have invoked the banking protocol if it was unable to break the spell of the scammer – I think it's difficult to say that a police intervention here wouldn't have broken the spell.

Overall, I'm persuaded that an effective intervention from Chase on the first disputed payment, as was reasonably required, would have stopped the scam in its tracks and prevented Ms L's financial loss. So, I think it's fair and reasonable to require Chase to reimburse Ms L.

I've gone on to consider whether Ms L should share some responsibility for her financial loss by way of contributory negligence but overall, I don't think she should.

There were undoubtedly some 'red flags' here, which I might have expected someone with time and a clear-mind to pick up on – for example, that Ms L's money was moved out of her account over two days in several payments when it was supposedly at immediate risk, and that money was left in her apparently compromised account. But Ms L was in a pressured situation – she was worried about the safety of her funds, and I can understand why she believed they were at risk after the recent fraud she'd fallen victim to. She has also explained that she was distracted, caring for her young child who has special needs at the time the scammer contacted her. I note that she was convinced by the scammer knowing some of her personal details and information about her Chase account/s, their knowledge of Chase's internal processes and the fact that they gave her an apparent FCA reference number, and I think that's reasonable in the circumstances.

For the reasons I've explained, I've provisionally decided to uphold this complaint and instruct Chase to reimburse the disputed payments in full and pay interest at a rate of 8% per annum from the date the payments were made to the date of settlement.

Responses to my provisional decision

Ms L accepted my provisional decision, but Chase didn't. It offered to refund 50% of the disputed payments – considering Ms L's vulnerability at the time and acknowledging that it could have probed more when it intervened. But it said that it believes split liability is a fair resolution because:

- In two of its interventions, it asked Ms L if she'd been told to move money because her account was under attack, and she denied this.
- Ms L was untruthful in terms of the payment purpose, and elaborated on this, preventing it from potentially uncovering the scam.
- By the time Ms L made the third disputed payment, on the following day, she would've had time to reflect.

Ms L rejected Chase's offer. She thought it would be inappropriate to assign contributory negligence in the circumstances because she said, in summary:

- Chase failed to issue a clear and meaningful warning, and this reduced her ability to reflect and critically assess what was happening. She can't be expected to have taken fraud prevention steps she wasn't advised to take, regarding a scam she didn't know existed.
- She was in a heightened state of stress and urgency at the time – she believed that her account was under attack, and she needed to act immediately to secure her

funds.

- She had been targeted by fraudsters before, and this made the scam more convincing.
- The scammer knew personal information that only a legitimate figure would know, and they had knowledge of Chase's internal processes.
- She was distracted and under a lot of stress at the time due to actively caring for her young child with special needs, who was experiencing a particularly difficult episode and became even more triggered by his mother's distress. She did not have the time and a clear-mind to reflect.

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.

Neither party has provided any new information or evidence regarding Chase's interventions, so I see no reason to depart from the conclusions I reached in my provisional decision in that respect. I remain satisfied that Chase did not intervene effectively in this scam and, had it have done so on the first disputed payment, as was reasonably required, the scam would most likely have been brought to a halt and Ms L's financial loss would've been prevented.

Both parties have centred their responses to my provisional decision around whether Ms L should share some responsibility for her loss by way of contributory negligence. I've thought about what both parties have said, and I remain satisfied that it wouldn't be fair for Ms L to share responsibility for the loss of the first and second disputed payments, for the reasons I set out in my provisional decision. Ms L was in a pressured situation and distracted when she made those payments. In the heat of the moment, she was reasonably convinced by the scammer knowing some of her personal details and information about her Chase account/s, their knowledge of Chase's internal processes and the fact that they gave her an apparent FCA reference number.

However, considering that the third disputed payment was made on the following day, I'm now persuaded that Ms L should reasonably share responsibility for the loss of that payment. I understand that Ms L was worried and distracted when the scammer initially contacted her, and that she made the first and second disputed payments in the heat of the moment whilst under the scammer's spell. But, by the time she made the third payment, she'd had time, overnight, for the panic and urgency, and the distractions she was experiencing to lessen. So, I think it's reasonable to expect that she would have reflected on the 'red flags' present in this case (for example, that her money was slowly being moved out of her account in several payments when it was supposedly at immediate risk, and that money was left in her apparently compromised account overnight) and taken some steps to protect herself from financial harm – such as contacting Chase on a registered number to confirm the legitimacy of what was happening before moving any more money out of her account or responding honestly during Chase's intervention on the third disputed payment.

Ms L did realise that something was amiss after making the third disputed payment, even though she had still not received an impactful scam warning from Chase. I think this supports a finding that she was able to independently identify some of the 'red flags' in this scam in a clear state of mind.

Finally, I've thought about whether Chase could've done more to recover Ms L's funds but, in light of the evidence I've seen, I'm not persuaded that it could.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part and instruct J.P. Morgan Europe Limited trading as Chase to refund 100% of the first and second disputed payments and 50% of the third disputed payment, and pay interest at a rate of 8% simple per annum from the date the payments were made to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 9 June 2025.

Kyley Hanson
Ombudsman