

The complaint

Mrs U complains J.P. Morgan Europe Limited, trading as Chase, closed her account and withheld funds related to two payments she had received for the legitimate sale of cryptocurrency that the buyer, and remitter of funds, fraudulently said were part of a scam.

Mrs U says Chase's actions have caused her financial hardship, significant distress and inconvenience – and exacerbated her health conditions.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

In May 2024, Mrs U says she received two payments of £179.70 and £420 for USDT crypto assets she sold to this individual – who I'll refer to as S. Mrs U says she buys and sells USDT crypto assets as a way of making some money as she is otherwise a housewife and not employed.

Chase received a fraud report in relation to these payments and so restricted the account and asked Mrs U for proof of entitlement to the funds. Mrs U provided some information to Chase. The account remained restricted whilst Chase carried out its review. Chase didn't think Mrs U had provided sufficient information to show entitlement to the funds it asked about – which included for the funds reported as fraudulent.

In July 2024, Chase notified Mrs U it was closing her account with immediate effect as she had breached its terms and conditions. Chase returned Mrs U's funds less £599.70 (aggregate of the two payments of £179.70 and £420) that had been reported as fraudulent.

Mrs U referred her complaint to this service. Mrs U showed she had complained to Chase about its actions. And as the required time had passed, this service began investigating her complaint. In its responses, Chase said it still had concerns and so wouldn't be upholding Mrs U's complaint. But it had identified customer service failings particularly as it didn't take steps in line with its processes when Mrs U told it how her wellbeing was being impacted. Because of this, Chase offered Mrs U £150 to resolve her complaint proactively.

Mrs U didn't accept. She reiterated that she had provided sufficient information of her entitlement and that she herself is the victim of fraud. Our Investigator then looked into Mrs U's complaint and asked both parties for more information.

Our Investigator recommended that Mrs U's complaint wasn't upheld. Their key findings were:

- Chase fairly restricted Mrs U's account and this was in line with the terms and conditions of the account, and its obligations. Nor was Chase under any obligation to explain why.
- It's understandable why the information Mrs U provided to Chase wasn't deemed

sufficient to show her entitlement to all the funds in her account. As Mrs U hasn't provided sufficient proof of entitlement, Chase doesn't need to return the remaining funds to her.

- Chase could've handled the timeliness of its review better, but given the circumstances, no compensation will be awarded for this.
- Chase closed Mrs U's account in line with its terms and condition and doesn't need to provide an explanation to Mrs U. Chase also returned the funds in the account without delay after closure.
- Chase's offer of £150 compensation is a fair way to resolve this complaint.

Chase agreed with what our Investigator said. Mrs U didn't agree. Mrs U maintained she was entitled to the funds Chase withheld; that she had provided sufficient evidence of this; Chase failed to protect her interest and her funds; and thereby processed the funds withheld without authority.

As there was no agreement, this complaint was passed to me to decide. I then sent both parties my provisional decision in which I said I was planning on upholding the complaint in part. For ease of reference, here is what I said:

Provisional decision

"I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mrs U and Chase have said before reaching my decision.

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 am planning on upholding this complaint in part. I'll explain why.

Account review, restrictions and withheld funds

Banks in the UK, like Chase, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Chase needs to restrict, or in some cases go as far as closing, customers' accounts.

Mrs U is aware that Chase asked her for information about payments she'd received into her account that she explains are payments for selling USDT cryptocurrency. She also says the payments withheld relate to one of her buyers making a false fraudulent claim against her. Given Chase received a fraud report, and given its wider obligations, I'm satisfied Chase acted fairly in restricting and reviewing Mrs U's account.

This brings me to the crux of Mrs U's complaint. That is, she's entitled to the funds that haven't been returned to her by Chase, and she provided sufficient evidence of her entitlement to them. I'd like to assure both parties that I've very carefully reviewed and considered the evidence they have both sent me about this. This includes screenshots from the peer-to-peer cryptocurrency site, all testimony and call recordings between Mrs U and

Chase's staff.

Having done so, I'm persuaded that Mrs U has shown she was legitimately engaged in buying and selling USDT as a means of earning some extra money. I also think the screenshots she's provided this service show that she sold USDT to S for which she received the payments. That means Mrs U has lost out on assets she owned and later sold to S.

I also find the fraud report information implausible given the value of payments against what S purportedly told their bank had happened. I don't think it likely someone would pay these amounts for the gains alleged. Having said this, the most important evidence I am placing weight on is that Mrs U has shown she legitimately sold USDT and I haven't seen any compelling evidence that shows she was witting to any fraud. I'd also add that given the volume of crypto trade payments, and if Mrs U was acting with fraudulent intent, I'd have expected to have seen more reports of her doing so. This doesn't appear to be the case here.

So, I think Chase should return the funds of £599.70 to Mrs U. Chase restricted the account for over two months, and I think Mrs U provided it with sufficient information in reasonable time. I can't say exactly when Chase should have done so, but I think a month after the review started would have been reasonable. Chase restricted Mrs U's account on 20 May 2024. So I'm planning on saying the funds should have been returned a month later in June 2024.

*As Mrs U has been deprived of the funds, I'll be directing Chase to pay 8% annual simple interest on these funds until settlement**

This also means that Chase took longer than I would expect to have returned the other funds. So, Chase should also pay 8% simple annual interest on these funds from 20 June 2024 until they were paid back to her.*

**If Chase considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs U how much it's taken off. It should also give Mrs U a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

Account closure

Chase is entitled to close an account just as a customer may close an account with it. But before Chase closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Chase and Mrs U had to comply with, say that it could close the account by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Chase closed Mrs U's account with immediate effect. Given the reasons above about its determination Mrs U wasn't entitled to the funds, and my finding that it was likely she wasn't complicit with any fraud and was acting in good faith, I don't think the account was closed in line with the terms and condition when done so with immediate effect.

Chase may have acted in line with its terms and condition had it closed the account with two months' notice without any restrictions, but I don't need to look into this any further given Mrs U doesn't want the account reopened and has made it clear on the call recording I've listened to that she isn't complaining about this.

Fair compensation

So, as I think Chase has got things wrong, I need to consider what compensation it needs to

pay Mrs U for any financial hardship, distress, inconvenience and the impact this had on her health given her existing conditions.

Mrs U has said she wasn't employed or on any benefits. And the buying and selling of crypto was a way to make some money. This suggests she isn't the principal breadwinner in her household. Her testimony also suggests she used this account solely as a merchant to trade in USDT. So I won't be putting too much weight on her suffering financial hardship, given the funds withheld would likely also have been recycled for further USDT trades.

However, I do accept that Mrs U has suffered distress and inconvenience in the way she has explained. She has also shown she was taking medication, and I find it plausible she had a blood pressure condition – which this issue audibly had an impact on her given the calls I've listened to. After careful consideration, I am planning on awarding Mrs U £350 compensation. This includes the £150 Chase have previously offered”.

The deadline for both Mrs U and Chase to provide any further evidence and/or arguments has now passed. Both Chase and Mrs U agree with what I said I was planning on deciding.

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 have decided to uphold this complaint in part. The reasons for doing so are in my provisional decision – as above – to which both parties have agreed and have offered no further arguments nor evidence for me to consider.

Putting things right

To put things right, Chase must:

- Pay Mrs U 8% simple annual interest on the funds it already returned to Mrs U from 20 June 2024 until settlement*
- Return £599.70 that it's withheld back to Mrs U. And pay Mrs U 8% simple interest on this £599.70 from 20 June 2024 until the date it is paid back to her*
- Pay Mrs U £350 compensation.

*If Chase considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs U how much it's taken off. It should also give Mrs U a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I have decided to uphold this complaint in part. J.P. Morgan Europe Limited, trading as Chase, must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs U to accept or reject my decision before 24 June 2025.

Ketan Nagla
Ombudsman