

The complaint

Mrs E complains that J.P. Morgan Europe Limited trading as Chase ('Chase') won't refund the money she lost after falling victim to a scam.

What happened

In 2020, Mrs E fell victim to an investment scam. Mrs E never received her investment funds back.

In 2023, she was contacted by a company who said they could recover her lost investment funds.

Between 2 May 2023 and 24 June 2023, Mrs E made 47 transfers from her Chase account to an account she held with another bank. I'll refer to the other bank as Bank D. Most of the funds that Mrs E sent to Bank D were sent onto accounts controlled by the scammer.

Mrs E raised a fraud claim with Chase who declined to refund her. Chase said the loss occurred from Mrs E's account with Bank D, so they're not liable.

Mrs E was the victim of a later investment scam, which involved additional payments from her Chase account. But those payments are considered under a separate complaint.

Mrs E wasn't happy with Chase's response, so she brought a complaint to our service. Mrs E also brought a complaint about the payments made from her account with Bank D.

An investigator looked into Mrs E's complaint and recommended Chase refund £56,750. The investigator was satisfied that when Mrs E made a payment of £15,000 on 6 May 2023, Chase should've been concerned and intervened. If Chase had intervened, the investigator was satisfied that the scam would've been uncovered and Mrs E's loss prevented. However, the investigator felt Mrs E should've been concerned at being asked to make so many payments to individuals, so it's fair for her to share responsibility for her loss.

As we're upholding Mrs E's complaints against both Chase and Bank D, there are some payments which are included in both complaints. So, we've split liability between Mrs E, Chase and Bank D for those transfers.

Chase disagreed with the investigator's opinion and asked for an ombudsman to review the case. Chase raised the following points:

- They don't agree that intervention would've prevented the scam, as they don't believe Mrs E would've been honest about the payment purpose.
- Their terms and conditions in relation to fraud refunds don't cover payments made to a customer's own account.
- They don't agree that the transactions should've flagged as suspicious as they were made to an account in Mrs E's name.

Having reviewed the case, I reached the same answer as the investigator and for the same reasons. However, I reached a slightly different redress recommendation. So, I contacted both Chase and Mrs E to let them know and explained how I calculated the redress. I also addressed the points that Chase raised in response to the investigator's opinion.

Mrs E responded to say she accepted my recommendation, but Chase didn't accept the recommendation. Chase raised a number of questions, which I addressed directly with Chase. I explained why these didn't change the answer I intended to reach. I gave Chase a final deadline for providing any additional evidence or arguments they wanted considered.

As the deadline for responses has expired, I've proceeded with issuing a final 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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

For clarity, the payments being considered as part of this complaint relate to the recovery scam that Mrs E fell victim to. There is a separate complaint in relation to different Chase payments which were made as part of a separate investment scam.

Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Chase should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams.

Also, I'd expect Chase to have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do.

I agree with the investigator that Chase should've been concerned when Mrs E made her payment of £15,000 on 6 May 2023. I appreciate that this was a transfer to Mrs E's own account with Bank D, but as Chase are aware, multi-stage scams are common with consumers transferring money between their own accounts before sending it on to accounts controlled by a scammer. The fact that the funds went to an account in Mrs E's name doesn't negate Chase's responsibility to identify potential risks of financial harm from fraud. And I'm satisfied that the payment of £15,000 was sufficiently unusual and out of character that I would've expected Chase to have contacted Mrs E and asked questions about the reason for the payment.

Chase has raised concerns about whether Mrs E would've been honest in answering their questions, based on a call they had with her in relation to a different scam (part of the other complaint). However, in relation to this recovery scam, there is no evidence that Mrs E had been coached by the scammer.

If Chase had asked open questions, I think it's more likely than not Mrs E would've said she was transferring funds to pay fees and recover a lost investment. I think further questioning would've raised concerns for Chase, especially around the number of fees and charges

Mrs E was being asked to pay, and why she was making payments to individuals if she believed she was dealing with a legitimate company. Also, Chase should be aware of recovery scams and their key features. I think a proper conversation would've uncovered the scam and Mrs E's loss could've been prevented from the payment of £15,000.

On that basis, it's fair for Chase to refund Mrs E from that payment onwards.

However, I'm satisfied that Mrs E should've had concerns with what she was being asked to do. By the time she transferred the £15,000 she had already made over 30 payments from her account with Bank D. If she had completed checks on the company she believed she was dealing with, and the legitimacy of the court document, I think it's more likely than not she could've mitigated her loss. So, I'm persuaded it's fair for Mrs E to share responsibility for her loss on these payments and reduce her refund by 50%.

Chase raised a concern that their terms and conditions about fraud refunds don't apply where customers transfer funds to another account in their name. But we haven't applied Chase's terms and conditions in deciding whether Mrs E is entitled to a refund. We've considered the payments she made and whether we're satisfied that Chase should've identified a potential risk of financial harm from fraud and intervened.

Calculating the redress

I'm upholding Mrs E's complaint from the payment she made of £15,000 on 6 May 2023. The payments that Mrs E made from her Chase account, which we're asking Chase to refund, total £252,250. However, only £229,700 was sent onto the scammer from her account with Bank D. The balance of the funds remained in her account with Bank D and weren't lost as a result of the scam.

Because we're upholding Mrs E's complaint with Bank D in relation to these same payments, we need to split the liability between Mrs E, Chase and Bank D. On that basis, we're asking Bank D and Chase to each refund 25%. This means the total that Chase should refund to Mrs E is £57,425, which is slightly more than the investigator recommended.

As Mrs E has been without the use of these funds, she's entitled to be paid interest on the refund of 8% simple interest per year. This should be calculated from the date of the payments to the date of settlement.

Putting things right

To put things right I require J.P. Morgan Europe Limited trading as Chase to:

- Refund Mrs E £57,425, and
- Pay 8% simple interest on that refund, calculated from the date of the payments until the date of settlement.*

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

My final decision

My final decision is that I uphold this complaint against J.P. Morgan Europe Limited trading as Chase and require them to compensate Mrs E as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or

reject my decision before 26 March 2026.

Lisa Lowe
Ombudsman