

## **The complaint**

Mr M complains that J.P. Morgan Europe Limited, trading as Chase, won't refund in full the money he lost when he fell victim to a scam.

## **What happened**

Mr M was looking to purchase a mobility equipment. He came across an advert on an online marketplace. From the information available, he attempted to transfer funds from his Chase account to his account with a high street bank, with the intention of making a payment to the seller from that account.

Mr M's frustrations grew when the transfer from his Chase account was delayed. During one of his calls with Chase about the delay, Mr M discovered he could make a payment to the seller directly using his Chase debit card. He made three transactions totalling £9,545 to a cryptocurrency exchange. A further payment – I understand it was for £1,285 – was declined and Mr M spoke to Chase twice about it. On both occasions, Chase was happy to execute the transaction. But it didn't go through.

Mr M realised he'd fallen victim to a scam when he was notified that the sale had fallen through. He spoke to the seller who informed him that they hadn't phoned him earlier and given instructions to send them money in cryptocurrency.

Mr M raised several complaints with Chase. This decision solely relates to the payments he sent as part of the scam. After reviewing the matter, Chase refunded 50% of the amount Mr M lost to the scam. Unhappy with this outcome, Mr M referred his complaint to our service.

Our investigator concluded that Chase's decision to refund half of Mr M's loss was fair. They explained that although Chase could have intervened at an earlier point than it did, they weren't persuaded that it would have positively impacted Mr M's decision to go ahead with the payment. The investigator pointed out that during the intervention call with Chase (at the time of the fourth transaction), Mr M had not been honest about the true purpose of the payment. They were persuaded on balance that an earlier intervention would have likely gone the same way.

Mr M didn't agree with the investigator's findings, so the complaint has come 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.

Firstly, I'd like to thank Mr M and Chase for their patience while the complaint has been awaiting an ombudsman's review.

I'm sorry to hear about the impact this incident has had on Mr M. I'd like to reassure him – and Chase – that although I've only given an overview of what happened, I've read and considered everything we've been provided in its entirety.

The starting position is that liability for an authorised payment rests with the payer, even when they are duped into making that payment. There's no dispute that Mr M made the payments using his security credentials, and so they are authorised. But in accordance with the law, regulations and good industry practice, a payment service provider should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert it to potential fraud or financial crime, it might be fair and reasonable to hold it liable for losses incurred by its customer as a result.

Chase has acknowledged that it didn't intervene when Mr M made the three successful transactions. It accepts it could have done more in this instance. But it believes Mr M should share responsibility for what happened, given he didn't conduct any due diligence before making the transactions.

I've thought very carefully about the circumstances of what happened here. Like the investigator, I consider that Chase ought to have intervened earlier than it did. The first transaction, for £3,045, was identifiably going to a cryptocurrency exchange. By June 2023, when these disputed transactions were made, there had been widespread coverage in the media about increased losses to cryptocurrency investment scams. In the circumstances of this case, I would have expected Chase to have provided Mr M with a written warning about that tackling some of the typical features when he made the first transaction.

But Mr M wasn't sending the payment in connection with an investment. So, I'm not persuaded that the kind of warning I would have expected at that time – setting out typical hallmarks of cryptocurrency investments – would have resonated with Mr M. What that means is that even though Chase missed an opportunity here, I'm not convinced it would have led to a different outcome. I think it's more likely than not that Mr M would have seen a warning about investment scams involving cryptocurrency and disregarded it as he wasn't making an investment.

By the time Mr M made the next transaction, for £5,000, I think there ought to have been a direct intervention by Chase given the increased spending and the total amount of money he had authorised to send to a cryptocurrency exchange in one day (by that point). I consider a proportionate intervention in this instance would have been to make enquiries with Mr M about the purpose of his payment.

But we know Chase did do that later that day when he authorised a further transaction to the same merchant. The first call was brief. But in the second call, the agent asked him what the transaction was for, and whether he was aware it related to cryptocurrency. Unfortunately, Mr M wasn't honest with his answer. It isn't clear whether he was coached by the scammer to mislead Chase, but Mr M said he was sending the funds to his brother who he owed money to. The agent told Mr M that cryptocurrency was targeted by fraudsters, and that crypto assets weren't regulated. They asked Mr M how his brother had made contact and whether he had independently verified his was indeed communicating with his brother. But Mr M reassured Chase that it had no reason to be concerned and that his brother wanted to be paid that way. Following this, the blocks were removed.

On balance, and that is what I must make my decision on in situations like these, I think it's more likely than not that a similar intervention earlier in the day when Mr M authorised the second transaction – for £5,000 – would have likely gone the same way. I'm not convinced that Mr M would have told Chase the true reason for making that payment. So, in the

circumstances, I find that an earlier intervention by Chase is unlikely to have prevented the scam and limited his losses.

Mr M submits that an earlier intervention would have been successful in stopping the payments as Chase was able to stop the fourth payment when it did intervene. But from the available information, the reason the fourth transaction was unsuccessful was not ultimately down to Chase's decision to stop it. Having listened to the intervention call, Chase removed any blocks it had applied. When Mr M attempted to make the payment again while on the phone with the agent, it still didn't go through. The agent advised Mr M that it looked like the merchant had now blocked the transaction from their side. We don't know why that happened, but it doesn't mean that the merchant would have also blocked the earlier transaction if Chase had initially stopped it and made enquiries.

I've also thought about whether Chase could have done more to recover the funds after it became aware of the situation. These were debit card payments, so the only recourse would have been a chargeback. But the funds went to a cryptocurrency exchange. Mr M wouldn't be able to make a successful chargeback claim in the circumstances because the merchant he paid using his Chase card did provide the service requested (i.e., conversion of fiat money into cryptocurrency). The funds were lost to the scammer from the cryptocurrency exchange. So, I don't think Chase was under any obligation to raise a chargeback dispute for Mr M.

In summary, I know that Mr M will be disappointed with this outcome. Not least because the matter has been ongoing for some time. Despite my natural sympathy for the situation in which he finds himself, for the reasons given, I find that Chase has already fairly resolved this complaint by refunding 50% of his loss. So, I won't be telling it to do anything further.

### **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 M to accept or reject my decision before 28 June 2024.

Gagandeep Singh  
**Ombudsman**