

The complaint

Mr A complains that J.P. Morgan Europe Limited trading as Chase (Chase) is refusing to refund him the amount he lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr A was looking to make some money as his funds were running low. Mr A was approached by an individual (X) via Snapchat and convinced to make payments into an investment that guaranteed high returns.

When Mr A made the payments as instructed by X, X blocked him, and Mr A was unable to recover the funds he had sent.

Mr A made the following payments as instructed by X from his Chase account:

Date	Payee	Payment Method	Amount
16 January 2023	Mercuryo	Debit Card	£1,000
16 January 2023	Mercuryo	Debit Card	£510
16 January 2023	Moonpay	Debit Card Apple Pay	£1,014

Our Investigator considered Mr A's complaint and didn't think it should be upheld. Mr A disagreed, so this complaint has been passed to me to decide.

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.

It has not been disputed that Mr A has fallen victim to a cruel scam. The evidence provided by both Mr A and Chase sets out what happened. What is in dispute is whether Chase should refund the money Mr A lost due to the scam.

Recovering the payments Mr A made

Mr A made payments into the scam via his debit card. When payments are made by card the only recovery option Chase has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mr A was dealing with X, which was the person that instigated the scam. But Mr A didn't make the debit card payments to X directly, he paid separate cryptocurrency exchanges. This is important because Chase would only have been able to process chargeback claims against the merchants he paid, not another party (such as X).

The service provided by the cryptocurrency exchanges would have been to convert or facilitate conversion of Mr A's payments into cryptocurrency. Therefore, they provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchants Mr A paid.

Should Chase have reasonably prevented the payments Mr A made?

It has been accepted that Mr A authorised the payments that were made from his account with Chase, albeit on X's instruction. So, the starting point here is that Mr A is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Chase should have been aware of the scam and stepped into question Mr A about the payments he was making. And if it had questioned Mr A, would it have been able to prevent the scam taking place.

The payments Mr A made in relation to the scam were each of a relatively low value to genuine businesses, and it wasn't unusual for Mr A to make multiple payments in the same day from his account. So, I am not surprised Chase's fraud prevention methods were not triggered prompting it to step in and question Mr A about the payments he made.

As I think it was reasonable the payments Mr A made into the scam did not trigger Chase's fraud prevention systems, I don't think Chase missed an opportunity to prevent the scam from taking place, and it is not responsible for Mr A's loss.

My final decision

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 6 March 2024.

Terry Woodham
Ombudsman