

The complaint

Mr W complains about J.P. Morgan Europe Limited trading as 'Chase'.

He says that Chase didn't do enough to protect him when he became the victim of a scam and would like it to refund him the money he has lost as a result.

What happened

The details of what happened are well known to both parties, so I won't repeat them here.

In summary, Mr W's wife came across an advert on Facebook for a company that could recover funds previously lost to investment scams.

Mr W had lost money to an investment scam some years prior and was keen to try and get his money back, and so began corresponding with the company before parting with £250 from another bank, after which he made several payments from his account with Halifax or Revolut, and then making the following payments from his account with Chase.

Date	Payee	Payment Type	Amount
3/10/2023	CTC	Faster payment	£5,000
13/10/2023	Zeno	Faster payment	£2,500
		Total	£7,500

Unfortunately, this was another scam, and Mr W lost this money too.

Unhappy with what had happened, he complained to Chase, but it didn't uphold his complaint.

Mr W brought his complaint to this Service, and our Investigator looked into what had happened, but also didn't think that Mr W's complaint should be upheld.

Mr W asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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've decided not to uphold Mr W's complaint for broadly the same reasons as our Investigator. I know this will be disappointing for Mr W, so I'll explain why.

It isn't in dispute here that Mr W has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider having been good industry practice at the time.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Mr W authorised the payments in question here – so even though he was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Chase should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the above, I consider Chase should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- 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 (among 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 customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Chase acted fairly and reasonably in its dealings with Mr W when he authorised payments from his account or whether it could and should have done more before processing the payments.

Having done so, I don't believe that Chase missed an opportunity to stop Mr W from making the payments from his account. I'll explain why.

As part of my review of the payments Mr W made from his account with Chase, I have also considered the interactions Mr W had with the other banks involved in the scam. Mr W's journey with the scam payments he made began with Halifax – followed by Revolut, before then making the payments above from his account with Chase. During the payment journey, Mr W was questioned several times about what he was doing and why – but he didn't answer the questions from his banks honestly – and so the payments were able to go through. Mr W was provided with several pieces of information prior to the payments made from Chase that should have given him cause for concern about what he was doing – but he proceeded anyway.

I've then gone on to consider the actions that Chase took when he made the payments. Chase has provided several calls that it had with Mr W – these were intervention calls it had

when Mr W made both of the payments, and when it was reviewing his account due to suspicious activity linked to a credit he received.

When it spoke with him, he wasn't honest about what he was doing either – and denied the involvement of any third party – and followed the instructions of how to answer the banks questions as provided to him by the scammer – even though he had already been warned that if he had been told to lie to the bank that it was very likely he was being scammed.

Then, during the call Mr W had with Chase when it blocked his account due to suspicious activity, Mr W also withheld information from Chase. Mr W's wife told the advisor that the money was for a property purchase, but when questioned why this was being made in crypto, Mr W explained that he needed to pay money into a dormant crypto account in order to access funds he already had there.

The advisor told him that this sounded like a scam – but Mr W became agitated and said that he was entitled to do what he wanted with his own money, and that he wanted to close his account and have the balance returned to him. The advisor said that this would not be possible until his account had been reviewed, as there were concerns about where he had received the money from.

However, once the review was completed, and Chase was satisfied that the money had come from his sister as Mr W had told them, he still went on to make the payment. Chase intervened again at this point – but Mr W still wasn't honest about what he was doing, and again answered the questions as he was told to by the scammer, despite being given broad warnings about common crypto scams and that he could lose his money.

So, I don't think there was any more that Chase could have done to prevent the loss.

I am very sorry for the situation Mr W now finds himself in – I know that he was attempting to recover a large amount of money he had lost previously to another scam, and unfortunately was taken in by another type of scam that promised him he would get his money back. But the loss has been caused by the scammer themselves, and I can't ask Chase to refund him when I don't think it could have done any more to try and prevent the loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 31 July 2024.

Claire Pugh
Ombudsman