

The complaint

Miss R complains that J. P. Morgan Limited trading as Chase didn't do enough to protect her from the financial harm caused by an investment scam, or to help her recover the money once she'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In December 2022, Miss R was referred by a friend to someone I'll refer to as "the scammer" who said he'd help her to invest in cryptocurrency. The scammer told Miss R he worked for an investment company and that she would be making investments into stocks and shares in large companies.

The scammer communicated with Miss R via WhatsApp and told her to buy a new laptop and to download AnyDesk remote access software so he could help her with her investments. He also told her to open accounts with "R", "W", and a cryptocurrency exchange company, which I'll refer to as "C". The scammer asked her to first purchase cryptocurrency through C and then load it onto an online wallet. Between 14 December 2022 and 17 February 2023, she made sixteen faster payments from Bank H totalling £88,020.19. Between 21 December 2022 and 30 January 2023, she made five faster payments from W totalling £49,555.19. And between 27 January 2023 and 24 February 2023, she made eight payments from Chase totalling £68,990. All these payments were to accounts in Miss R's own name. Then, between 24 February 2023 and 6 June 2023, she made seven payments from R to a cryptocurrency account in her name totalling £43,030, (of which £1,500 was returned to the account).

When she'd used up her savings, the scammer told Miss R to take out loans to fund the investments, and in February 2023 she was passed to a more senior broker to discuss larger investments. She realised she'd been scammed when she didn't receive any returns on her investments, and she lost contact with the scammer.

Miss R complained to Chase and apologised for not having contacted her in time and offered her £20 as a goodwill gesture and £30 compensation for distress and inconvenience. But it refused to refund the money she'd lost. It said the disputed payments were transfers to accounts in her own name, which she'd authorised. It said four transactions flagged for internal review and during the subsequent calls she didn't indicate they were for investment opportunities.

Miss R wasn't satisfied and so she complained to this service, but our investigator didn't think the complaint should be upheld. He said he'd listened to call recordings dated 23 February 2023, 24 February 2023, and 27 February 2023 and that when Miss R was asked for the purpose of the payments, she said she was moving money either to save it or because she wanted to spread the funds across her various accounts. So, Chase was satisfied the payments were legitimate. He explained that it should have given Miss R a more detailed investment scam warning either in writing, or verbally, but he didn't think that

would have prevented her from making the payments because the scammers were guiding her through each transfer and telling her what to do and say to the banks.

He commented that Miss R was asked questions by Bank H about transfers she was making from that account between 14 December 2022 and 15 December 2022. For the first three transfers, she selected 'purchase' for the payment purpose. And during a call on 14 December 2022, she said the payment was for property renovation work, she was given the payee details by the person doing work on her property so they could buy building materials, and she'd met them in person. On 15 December 2022, Miss R had a further call with Bank H when she confirmed that there was no third-party involvement and that she was moving funds to an account in her own name to top up the account.

Our investigator further noted that on 13 January 2023, Miss R attempted to make a transfer from Bank N to another account in her name. Bank N blocked the payment and questioned Miss R about the transfer, when again she said the funds were intended for home improvements. Bank N asked for evidence of this and warned her she'd likely fallen victim to a scam. It then invoked the banking protocol, and eventually closed the account.

Our investigator felt that Miss R's interactions with her other banks demonstrated her determination to send the funds to the scam despite having been presented with warnings, so even if Chase had asked more probing questions, it wouldn't have stopped the scam. Finally, he said there wasn't a realistic prospect of a successful recovery because the payments were made to an account in Miss R's name and moved on from there.

Miss R has asked for her complaint to be reviewed by an Ombudsman. She has argued that to state that a more detailed warning wouldn't have made any difference to her decision to proceed with the transfers based on a presumption about what she might have done, as opposed to actual facts, is unfair.

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.

I'm sorry to hear that Miss R has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

I'm satisfied Miss R 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Miss R is presumed liable for the loss in the first instance.

There's no dispute that this was a scam and even though there have been some inconsistencies in Miss R's account of what happened, on balance, I accept she was scammed. But although she didn't intend her money to go to scammers, she did authorise the disputed payments. Chase is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

I've thought about whether Chase could have done more to prevent the scam from occurring altogether. Chase ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have

intervened to warn Miss R when she tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Chase to intervene with a view to protecting her from financial harm due to fraud.

Four of the payments flagged as suspicious on Chase's systems. I've listened to the calls, and I'm satisfied that it was prevented from identifying that Miss R was the victim of a scam because she lied about the purpose of the payments. In each call, she was asked about the purpose of the payments in response to which she said she was moving money to her own accounts in an effort to spread funds between her accounts. She was asked if she was under pressure to move her money and warned that she wouldn't be able to recover the money if it turned out to be a scam.

Our investigator has said Chase ought to have given Miss R a more detailed warning, but as it wasn't apparent (either from the nature of the payee, or her responses to questions about the payment purpose) that she was buying cryptocurrency and there wasn't anything suspicious about the circumstances of the payments, I'm satisfied the warning was proportionate to the risk. However, I agree that if Miss R had been given a better warning, it wouldn't have made any difference. This is because she ignored warnings she was given by her other banks, and she was happy to lie to ensure the transfers were processed and to fund the investment with money from loans. She also checked the FCA website at the start of the investment, so she was confident the investment was genuine. Consequently, I don't think she'd have paid any attention to a better warning and so it wouldn't have prevented her loss.

I've also considered whether Chase should have intervened any sooner and while it might reasonably have contacted her when she made the first payment on 27 January 2023, I've no reason to think the circumstances and outcome wouldn't have been the same, so I don't think this represented a missed opportunity to have prevented her loss.

Miss R disputes that it's fair to reach a conclusion based on how she might have reacted to a better intervention, but I have carefully considered all the evidence and reached a conclusion on what I think is likely to have happened if Chase had done what we'd expect it to have done, and I'm satisfied that's fair.

Recovery

I don't think there was a realistic prospect of a successful recovery because Miss R paid an account in her own name and moved the funds onwards from there.

Compensation

The main cause for the upset was the scammer who persuaded Miss R to part with her funds. I haven't found any errors or delays to Chase's investigation, so I don't think she is entitled to any compensation.

I'm sorry to hear Miss R has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Chase is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 14 January 2025.

Carolyn Bonnell
Ombudsman