

## The complaint

Mr P is unhappy that J.P. Morgan Europe Limited (trading as Chase) won't refund his losses from an investment scam.

## What happened

Mr P was a victim of an investment scam. He's explained he came across a fraudulent company, that I'll refer to as N, on social media. He was instructed by N to open a Chase account and make payments to a cryptocurrency platform, that I'll call B. From there, he transferred funds to a wallet address N gave him, thinking it was being deposited on his account with its online investment platform. Mr P had access to this platform and believed N was helping him trade. But this wasn't legitimate and his funds had in fact been sent to a fraudster's wallet.

Having initially invested a small amount which appeared to profit, Mr P was persuaded to take out two loans for £10,000 each to invest further. It seems he was led to believe N's 'insurance', which it gave him a contract for, would mean there wasn't a risk he couldn't repay them.

When he got the first loan, Mr P transferred the money to his Chase account before making the payment to his account with the cryptocurrency platform. Chase held the payment and asked Mr P to call, which there's a recording of. In summary:

- Mr P explains he's transferring money to his personal crypto account. He's asked whether he's done business with them before and for how long? He confirms he has and for a few weeks.
- Mr P is asked how he heard about B? Was it an ad or a recommendation? He says a friend recommended it.
- Chase's agent goes on to explain that cryptocurrency is a sensitive kind of investment that you can't predict and he might lose it all. Mr P confirms he's happy to proceed.
- Chase's agent recaps the answers he's given and asks who's access to the account. Mr P confirms it's only him that can access it. The agent goes on to confirm with Mr P that only he manages it and no-one's called to request him to transfer the funds.
- Chase's agent goes on to explain how cryptocurrency is a target for scams – pointing out how if it's too good to be true or there's pressure to act, Mr P may lose money. And that it's his responsibility to carry out checks.
- The agent checks that it's not his friend that's managing the account, and that it's just him. Mr P confirms that's correct and upon his request, Chase release the payment.

A few days later, Mr P receives the proceeds of the second loan, which he transfers to Chase. It's similarly held when he tries to pay it to B, and there's a call recording of the conversation he has with Chase's agent. In summary:

- When asked, he confirms it's his personal crypto account that he's had quite a while. Equally he confirms he manages it and no-one else has access.
- Mr P also confirms the money comes from his savings and that he'll likely be carrying

out future transfers back and forth from B's account.

- Chase's agent reminds him that if it's a scam he won't get his money back and that it's his responsibility to carry out checks – they highlight '*Take Five – To Stop Fraud*'s website. Mr P confirms he wants to proceed with the payment.

After this, N allowed him to make a small withdrawal. Mr P was then persuaded to invest more, but he wasn't able to secure a further loan to do so.

Mr P later asked for another withdrawal. N said they couldn't do this, and it was with the 'insurers' but it could be many months. At this point, Mr P realised he'd been a victim of a scam.

He subsequently reported the scam to Chase and made a complaint that it failed to carry out fraud checks before making the payments. Chase responded and said the payments alerted and calls were made to Mr P, where it asked questions and gave warnings about cryptocurrency and the risks involved with this type of asset.

Unhappy with this response, Mr P brought his complaint to our service to investigate using his professional representatives. I issued my provisional findings upholding the complaint in part. Mr P accepted what I said, and I didn't receive a reply from Chase by the deadline.

For reference, I've included below details of the relevant payments:

<b>Date</b>	<b>Description</b>	<b>Amount</b>
22 May 2023	Faster Payment to B	-£50.00
25 May 2023	Faster Payment to B	-£10,000.00
26 May 2023	Faster Payment to B	-£9,999.00
17 June 2023	Money received from B	+£507.20

### **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.

As neither side added anything further in response to my provisional findings, I see no reason to depart from what I said. For completeness, I've included my reasoning again below.

- The starting position in law is that Chase has a duty to make the payments Mr P tells it to. And that Mr P is responsible for the payments he makes.
- But, as supported by the terms of the account, that doesn't preclude Chase from making fraud checks before making a payment. And, taking into account regulatory expectations and good industry practice, I'm satisfied that it should fairly and reasonably have done this in some circumstances.
- Here, Chase's records indicate it was concerned about the second payment Mr P attempted to B for £10,000 – and it required him to contact it before releasing it. I think that's reasonable given the significant increase in value and the nature of the payment.
- This means that the key question for me to decide isn't whether Chase ought to have stepped in and what kind of intervention it should have made – because it did step in with the second payment and it required a conversation with Mr P, as I'd reasonably

expect. Instead, I must decide whether Chase carried out that intervention appropriately and if it didn't, whether that would have prevented Mr P's losses.

Was Chase's intervention appropriate to the risk of financial harm?

- I'm satisfied that when Mr P made these payments, Chase would've been aware of how cryptocurrency scams work and their common hallmarks. For example: an advertisement on social media, an 'account manager', 'broker' or 'trader' acting on their behalf, the use of remote access software and a small initial deposit which quickly increases in value. Chase would've also been aware of how they often involve someone moving money to an account in their own name with a cryptocurrency platform before moving it on again to a fraudster. Indeed, the FCA and Action Fraud published warnings about this in 2018. Finally, Chase would've known how common it is for scammers to encourage someone to not reveal the full circumstances of the investment to their bank – they'll instead provide them with a cover story to avoid a bank's detection.
- In light of this knowledge and experience, I'd have reasonably expected an intervention to highlight, in clear and understandable terms, what these key features are and to ask open and probing questions that would allow both it and Mr P to establish the risk of a scam. Crucially, this means not only asking questions, but providing relevant context.
- Having listened to Chase's calls carefully, I'm not satisfied its interventions did this. Chase quickly established Mr P's payment was connected to cryptocurrency. But he wasn't given adequate context on what a typical cryptocurrency scam looks like. I've noted the agent mentioned a 'pressure to act' and returns being 'too good to be true'. While I appreciate they couldn't cover all the details, I don't think these adequately highlight the key hallmarks of a scam. Particularly as they rely on someone's subjective assessment on what pressure feels like and what's 'too good to be true'.
- Similarly, while Mr P was asked some relevant questions, there was no context to explain why he was being asked them. I've also noted how they were often leading or closed questions. For example, when he was asked how he found B, Chase gave him some example answers – '*was it an ad or a recommendation?*' This made it much easier for Mr P to mislead it.
- I do accept that Chase, particularly in the first call, asked several times whether Mr P was happy to go ahead. But this often came across as a concern for cryptocurrency's overall risk given its volatility, as opposed to an effective intervention that could've allowed him to understand he was in fact at risk of falling for a scam.
- I anticipate Chase may argue it couldn't intervene effectively because Mr P misled it. But as I've said, it would've been aware of how scammers coach their victims. So, in these circumstances, I don't think it's enough to plainly ask questions. Instead, providing context is a crucial element of an effective intervention. As this is what gives Mr P the opportunity to see for himself if his circumstances match the common hallmarks of a scam.
- Similarly, given the risk of financial harm here, I don't think it's enough to point Mr P to resources where he could learn more. After all, if he isn't given information to understand he's at risk, it's unlikely he'll go away and seek to learn more.
- Taking this all into account, while I appreciate Chase was concerned Mr P would lose

his money, I'm not persuaded its intervention was effective nor appropriate to the risk of financial harm.

Would an appropriate intervention have prevented the losses Mr P suffered from the second disputed payment?

- I've considered whether, had Chase intervened as I'd expect – asking open, probing questions with context – Mr P's losses would've been prevented.
- I've noted that the scam he fell victim to wasn't unusual – it had many of the hallmarks of a typical investment scam. For example, he found N on social media, he'd a broker helping him using remote access software, and he made a small investment initially that did well and encouraged him to invest more.
- So had Chase laid out the hallmarks of a cryptocurrency scam in its call and provided context to its questions, I think it's likely Mr P would've realised that his circumstances very closely matched those of a scam.
- In saying this, I have considered the possibility that he was so taken in by N, he still would've gone ahead even if the intervention was better. But overall, this wasn't money Mr P had to lose – indeed, it was a loan he had to repay. And I'm mindful that his confidence in making the payment was likely borne of N's reassurance that he'd insurance to cover this. So if he'd been given sufficient information to doubt the legitimacy of the arrangement, I find it likely that he'd have acted on it.
- I've also noted that Mr P realised he'd been a victim of scam when the information N gave about the supposed insurers didn't add up with what he'd been told before. So I don't think he was beyond questioning what he'd been told by N.
- Finally, Mr P has said his other bank didn't question the payments he made into the Chase account. So I've no other evidence to show that Mr N would've been simply insistent if he'd received a better intervention.
- Taking this all into account, I'm persuaded that, had Chase carried out an appropriate intervention with the second payment for £10,000, it's more likely than not that the scam would have been exposed and Mr P wouldn't have lost more money. In those circumstances I'm satisfied it's fair to hold Chase responsible for some of his losses.

Should Mr P bear any responsibility for his losses?

- I've gone on to consider whether Mr P should share some blame for what happened. The starting position for this is considering whether his actions fell below what I'd expect of a reasonable person.
- I appreciate that N was a cleverly planned, sophisticated operation – with detailed online trading platforms and officious looking paperwork. But, given the money he was investing and the loans he'd taken out, I'd have expected Mr P to carry out more research into who he was dealing with. If he had, I think he could've seen a warning about N published online by the FCA.
- I also think he ought to have reasonably been more sceptical of N's supposed arrangements with insurers to cover his loan repayments. As overall, it seems unlikely that insurance could cover an investment, given the inherent nature of the risk.

- I'm further mindful that it's likely Mr P was coached by N on how to deal with Chase's questions, given how his messages with N refer to the calls he had with Chase. I'd have reasonably expected him to have been more critical of being told to lie to his bank by a supposedly professional and legitimate company.
- Taking this all into account, I've decided to reduce the award by 50% for his contributory negligence.

### **My final decision**

For the reasons I've explained, I uphold Mr P's complaint. J.P. Morgan Europe Limited (trading as Chase) must:

- Pay Mr P the total of the second and third disputed payment, less any amount recovered or refunded. I understand this to be £10,591.80.
- Reduce this award by 50% to reflect Mr P's contributory negligence.
- Pay 8% simple interest per year on this amount, from the date of the disputed payments to the date of settlement (less any tax lawfully deductible).

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

Emma Szkolar  
**Ombudsman**