

## The complaint

Mrs B is unhappy that J.P. Morgan Europe Limited trading as Chase won't refund the money she lost as the result of a scam.

## What happened

On 2 December 2024, I issued my provisional decision on this complaint. I wanted to give both parties a chance to provide any more evidence and arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

### *What Mrs B has told us*

*Mrs B has explained that she fell victim to an investment scam. A colleague at her husband's work office introduced them to his neighbour, who claimed to be buying properties at auction for less than their market value, then quickly selling them on for a profit. The friend told Mrs B and her husband that he had known this 'investor' for years, as well as his family. Mrs B had seen evidence that their friend had invested himself in this scheme and received significant returns, to the extent that he was able to purchase a house from them. On this basis, he recommended the opportunity to Mrs B and her husband, as well as other colleagues. Mrs B was given a breakdown of what returns she would receive, depending on how much she chose to invest. Mrs B sent the majority of funds for the investment from another of her banking providers, but also sent £6,000 from her Chase account.*

*Mrs B has explained that a number of others also invested and received returns. Mrs B looked up the individual online and found evidence that suggested he worked in finance and had previously been the director of a firm on Companies House associated with the 'buying and selling of real estate'. While she was aware that this company was no longer active, Mrs B has explained this didn't concern her, as the individual she was liaising with wasn't purporting to work for a company, but claimed to be fulfilling this role now on an individual basis. Mrs B has also explained that the address referenced for the 'investor' was where their friend lived, so she knew he was traceable.*

*Mrs B has explained that as people she knew had invested and received significant returns, it didn't seem possible to her that this was a scam – and the lack of contrary evidence online only supported this. She accepts that the returns she was offered, in hindsight, were too good to be true - and had a stranger offered her such an opportunity, she wouldn't have taken it. But in the context she was given by her husband's friend, it seemed a reasonable business model, and the profits that others she knew were receiving reassured her of this.*

*However, unfortunately, the individual she was liaising with was in fact a fraudster and has since been found guilty of defrauding a number of individuals as part of this same scam.*

### *What Chase has told us*

Chase considered Mrs B's claim but declined to reimburse her. It said it intervened before processing Mrs B's payment of £6,000 however Mrs B wasn't honest about the payment purpose. Mrs B advised during the call that she was loaning money to a friend that her and her husband had known for years and who her husband met with regularly.

Chase has said that as Mrs B was dishonest in this call, it was unable to protect her from investment scams. It considered that as it followed correct protocols, it was not liable for her losses.

### **What I've provisionally 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.

In broad terms, the starting position at law is that a business is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

But, where the consumer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the consumer even though they authorised the payment.

Chase's terms and conditions explain that their customers may receive a refund of payments made as part of a scam. Chase's terms and conditions state the following:

#### **"10. Refunds and help**

##### **Refunds**

You'll generally get a refund for a payment if you have any of the problems set out below, unless you've been fraudulent, in which case no refund will be provided. We've also set out how quickly you can expect to get your money back, when you won't get a refund and other important information about our approach to refunds and what we expect from you.

(...)

A payment where you're tricked into sending money to a fraudster

This is where you:

*Either intended to send money to a particular person, but you were tricked into sending money to someone else; or sent money to someone for what you thought was a genuine purpose, but which was actually fraudulent.*

*If you're at fault in some way*

*If, taking everything into account when the payment was made, we find you should've known you were being tricked into sending money to a fraudster you won't get a refund."*

So, when considering whether Mrs B stands to benefit from Chase's terms and conditions, I've thought about whether she ought to have known she was falling victim to a scam. In this case, I don't think Mrs B ought to have been aware she was being tricked into making the payment in question.

I say this because Mrs B had seen first-hand other people she knew successfully investing with the fraudster and receiving the quick returns promised. At the time she sent across funds, there was no information online that discredited this individual. I accept that the returns she was advised of would usually be considered 'too good to be true', but I do think

*the business model she was told about gives some context into how this was achievable, thereby making the premise of the scam more believable. All things considered, I think that knowing someone close to her who had not only invested already with this individual, but had already received significant returns into their account would have been extremely influential in reassuring Mrs B that this was a legitimate opportunity – in addition to the person she was paying being traceable and known to her friend.*

*I appreciate Mrs B wasn't honest in the call she had with Chase. Having asked Mrs B about this, she's explained that the fraudster told her that her bank may not allow the payment if it doesn't consider she has known the payee long enough, and so told her to say that they had known each other for years. I don't think this reasoning is so unrealistic or a 'red flag' that I would determine that Mrs B 'should've known' that she was being tricked on this basis. Additionally, while I accept that Chase wouldn't have been able to identify from the call with Mrs B that she was falling victim to a scam, this is not a requirement under its terms and conditions. Its terms state that a customer will receive a refund unless that customer should've known they were being tricked. There's nothing that stipulates that that this won't be the case should Chase have been unable to detect and prevent the scam.*

*I'm therefore minded to decide that Mrs B should receive a full refund of the £6,000 payment she made towards the scam.*

### **My provisional decision**

*My provisional decision is that I uphold Mrs B's complaint and that J.P. Morgan Europe Limited trading as Chase should pay Mrs B:*

- *£6,000 that Mrs B sent to the fraudster*
- *8% simple interest from the date Chase declined Mrs B's claim, until the date of settlement.*

Mrs B confirmed she accepted the findings in my provisional decision. Chase didn't provide a response.

### **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 Chase didn't respond to my provisional decision, I see no reason to depart from my findings set out above. My final decision therefore remains the same as already set out.

### **My final decision**

My final decision is that I uphold Mrs B's complaint and I direct J.P. Morgan Europe Limited trading as Chase to pay Mrs B:

- £6,000 that Mrs B sent to the fraudster
- 8% simple interest from the date Chase declined Mrs B's claim, until the date of settlement.

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

Kirsty Upton  
**Ombudsman**