

## The complaint

Mr A complains that J.P. Morgan Europe Limited trading as Chase did not refund a series of payments he lost as part of a scam.

## What happened

Both parties are aware of the circumstances of the complaint, so I won't repeat them again in detail here. In summary, Mr A was introduced to an individual, X, who said he could help him invest. A number of Mr A's friends had already invested and received returns. Mr A found X's business on Companies House and felt it was legitimate so invested the following:

- -18000.00 GBP on 12/07/2022
- -2000.00 GBP on 12/07/2022
- -5000.00 GBP on 30/07/2022
- +1,650.44 GBP on 05/08/2022
- -23500.00 GBP on 12/08/2022
- -10000.00 GBP on 15/08/2022
- -11500.00 GBP on 18/08/2022
- +1,600.00 GBP on 09/09/2022

The two credits were part of the 'returns' Mr A was expecting. However, eventually X said his account had been frozen and he couldn't provide further returns. Mr A raised a fraud claim on 15 October 2022 as he believed he had been scammed.

Chase did not uphold the claim as they said they had provided Mr A with warnings when he set up X as a new payee. Mr A referred the complaint to our service and our Investigator looked into it. They did not agree the payments were unusual or out of the ordinary, so did not uphold the complaint. Mr A asked for a decision, so the complaint was passed to me. I issued a provisional decision which read as follows:

*Firstly, I'd like to clarify that I understand Chase bank is both the sending and the receiving bank in this case. I am only concentrating on Chase's actions as the sending bank in this decision.*

*All parties, including myself, agree that Mr A has been the victim of a scam. He's said that X now has a warrant for his arrest and that several other victims have raised fraud complaints with their own banks.*

*I've considered whether Mr A is entitled to a refund under the Contingent Reimbursement Model code, which provides customers with increased protection from these types of scams. However, this is a voluntary scheme that Chase is not signed up to. Despite this, Chase still has a basic duty of care for its customers.*

*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 to be good industry practice at the time.*

*Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.*

*It's not in dispute here that Mr A authorised the payments as he believed they were part of a legitimate investment. So, while I recognise that Mr A didn't intend for the funds to be used as part of a scam, the starting position in law is that Chase was obliged to follow Mr A's instruction and process the payments. Because of this, Mr A is not automatically entitled to a refund.*

*The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Chase did enough to try to keep Mr A's account safe.*

*Mr A opened his Chase account in April 2022, and he did not use it until July 2022, when he credited funds from his Chase savings account and then forwarded £18,000 to X. What followed was a regular pattern of behavior of Mr A crediting the account from his savings and then forwarding on the funds to X. There were also two credits as outlined previously of around £1,600 which X said were returns.*

*The Investigator has correctly pointed out that prior to the scam payments, there was no regular account activity, so it is difficult to agree that these payments were therefore out of character for Mr A. Different individuals use their accounts in different ways and what might be suspicious behavior for one person may not be the same for another. Though I do think the first payment made from the account of £18,000 was relatively high value and could reasonably have warranted a conversation with Mr A prior to it leaving the account.*

*I've gone on to consider whether or not a conversation with Mr A would have revealed the scam and stopped any future payments being made. Mr A had been informed of the 'investment' by someone he trusted who had also been involved with X (as a victim) for some time prior to that. Mr A has explained that he was convinced by the scam because he had spoken with friends who had said they received some returns payments and he had seen X's bank account with a significant amount of money in it, which fit with the image he was trying to portray. Mr A had also researched the business on Companies House, and signed official paperwork for the investments. So, he felt it was a legitimate business.*

*Considering all of this, I don't think it's likely that a conversation with Chase or a tailored scam warning would have been enough to break the spell of the scam, as individuals that Mr A trusted also felt it was legitimate. And I note it took a few months after the last payment to X for Mr A to realise this was a scam, which I think highlights how convincing it was. Because of this, I don't think that Chase could reasonably have stopped the funds from being processed, so they do not need to refund them.*

*Chase has said that by the time Mr A made them aware of the scam, none of his funds remained in the beneficiary account, so they could not recover them. With this in mind, I don't think they could reasonably have done more to recover the funds once they were aware of the scam.*

*I appreciate that Mr A has made us aware of other complaints in which we have found in favour of consumers for scams he feels are similar. However, every case must be considered individually and under its own merit. This is what I have done for Mr A's case,*

*taking his own unique circumstances into consideration. Having done so, I'm currently minded not to uphold this complaint.*

*In summary, based on what I've seen so far, I think that Chase could reasonably have flagged the first payment due to its high volume. However, I don't think a conversation, or a tailored scam warning would have been enough to reveal the scam due to the way in which Mr A was introduced to it. And I don't think Chase could have reasonably recovered the funds once they were aware of the scam. So, I don't think they need to take any further action in relation to this complaint.*

Chase did not respond with any additional comments or evidence for me to consider.

Mr A responded and provided the following comments, in summary:

- Chase's investigation of his claim and complaint was inadequate and is a reflection of the staff in general.
- He pointed to another complaint that was brought to our service connected to the same scam which was upheld and felt this showed his complaint should also be upheld for consistency.
- He believes Chase were aware of the scam as they questioned Mr A about X's account.

### **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've considered Mr A's additional comments, starting with Chase's handling of the investigation into the claim and complaint. I can see it took three and a half weeks for Chase to provide an outcome to the fraud claim, which on balance is not an unreasonable length of time considering the amounts involved. Though I do recognise Mr A had to chase for updates throughout. And there were then delays to Chase issuing a final response letter.

I appreciate Mr A having to chase and the time taken for a final response letter to be issued was frustrating for him. But overall, this doesn't affect my findings on the payments themselves being processed. As explained in my provisional decision, I assessed the fraudulent transactions with relevant regulatory guidance and good industry practice in mind. While I appreciate Mr A feels Chase did not promptly and effectively investigate the fraud, this hasn't changed my findings on the fraud itself.

I understand that Mr A feels we have not been consistent in our approach to scam cases, and he has pointed to another case our service upheld which he feels is similar. However, every case is different, as I explained in the provisional decision. In Mr A's case, having considered all of the individual merits involved, I do not think Chase needs to take further action to remedy the complaint, for the reasons outlined in my provisional decision.

Mr A feels Chase were aware of issues with X as they questioned him on 29 August 2022 about the payments he sent and received to X's account. From what I've seen, this is due to concerns raised about X's account after Mr A had made the payments, but no official investigation was launched at that time. Mr A responded and confirmed X was borrowing the money, and later said this was for house renovations. However, this was 11 days after Mr A made the final payment to X, and Mr A gave Chase no indication there was an issue with X at that time. So again, this would not have had an impact on Chase's decision to

process the payments prior to that point. And this has not changed my findings on the fraud claim itself.

I'd like to again acknowledge that Mr A has been the victim of a scam, and that this has been a difficult situation for him. I'd like to assure him that I have carefully considered everything available to me to reach an outcome I feel is fair. Having done so, I do not direct Chase to take any further action to remedy the complaint.

### **My final decision**

I do not uphold Mr A's complaint against J.P. Morgan Europe Limited trading as Chase.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 December 2023.

Rebecca Norris  
**Ombudsman**