

The complaint

Mr P complains about the actions of J.P. Morgan Europe Limited trading as Chase when he was tricked into making payments on his debit card as a result of a scam.

What happened

In July 2022 Mr P came into contact with a merchant via social media and was invited to join an investment group on a messaging platform. He was then given an account manager and registered with the merchant's platform. In total he made five debit card payments totalling around £4,000 from 24 July to 24 August 2022.

After he wasn't able to withdraw his profits, he became suspicious and raised a claim with Chase. But Chase said it wasn't going to offer a refund. So, Mr P brought his complaint to this service. He said the payments should've been stopped and more should've been done to recover his money.

Our investigator didn't think the complaint should be upheld. He said that the payments Mr P made weren't sufficiently unusual for Chase to have intervened. And because they were sent to accounts in his own name at genuine crypto exchanges the money couldn't be recovered via a chargeback.

Mr P disagreed and has asked for an Ombudsman's decision. He said the payments were unusual and Chase should've done more to stop and then warn him about these types of payments. If it had then the scam would've been stopped.

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 reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr P has been the victim of a cruel scam. I know he feels strongly about this complaint and this will come as a disappointment to him, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

I've firstly considered whether Chase should've done more to stop all the payments Mr P made towards this scam. It is common ground that Mr P authorised the scam payments with a total loss of around £4,000. I accept that these were authorised payments even though Mr P was the victim of a scam. So, although it wasn't his intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of his account, Mr P is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Chase to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

So, I've looked into what this means for this case and whether Chase should have done more here to prevent the payments in dispute.

Here, Mr P sent various payments over a month to two legitimate crypto exchanges. The payments were for relatively small amounts at first, ranging from around £300 to £500. This was then followed by a later and larger payment of £2,200. I can see from Mr P's statements that there weren't a lot of previous payments to compare these ones to because the account had only recently been opened.

And because the payments were made over a period of time, they created a pattern of spending on Mr P's account that wouldn't have seemed unusual even when he made the slightly larger payment of £2,200. So, I don't think the payments were so unusual that Chase should've stopped them and asked further questions of Mr P. Because of this, I don't think Chase missed an opportunity to prevent the fraud from taking place.

Here, because the payments were sent to accounts at the crypto exchanges in Mr P's own name a chargeback couldn't be raised by Chase here. As a result, Chase didn't treat Mr P unfairly by not raising a chargeback and not attempting to recover his money.

I'm sorry to hear Mr P has been a victim in this way, but I don't think Chase are responsible for his loss and so I can't fairly ask them to do more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 December 2023.

Mark Dobson
Ombudsman