

## **The complaint**

Miss R has complained J.P. Morgan Europe Limited, trading as Chase, won't refund money she lost after being the victim of a scam.

## **What happened**

In April 2023 Miss R, whilst on holiday, received a call from someone stating they were from her bank, Chase. They were supposedly concerned about fraudulent transactions and needed her to set up another account to keep her money safe.

Miss R was immediately reassured that the call came from her actual bank as the person she was talking too knew a lot about the state of her finances and also knew what phone she used for her banking.

Miss R followed the instructions she was given which resulted in her transferring £25,000 from her Chase savings account to her current account. She then transferred £20,000 to a new account supposedly in her name held with another bank (who I'll call M). She also transferred £5,000 to her partner who also held an account with Chase. This enabled him to transfer his money to another safe account supposedly in his name.

Chase blocked the payment for £25,000 and asked Miss R to call them. She did this and answered their questions in accordance with a script she'd been given by the fraudster. The fraudster was also listening in. She found this reassuring.

After the transfer was made and Miss R had confirmed this, the fraudster got off the phone call. Miss R called Chase practically immediately and they started a process to try and get her money back from M. On 15 May they were able to pay back £13,704.61. However as they believed Miss R had ignored warnings about potential scams, they wouldn't refund her any further.

Miss R brought her complaint to the ombudsman service.

Our investigator noted Chase had provided warnings to Miss R but could appreciate why the fraudster's story seemed more credible and she'd not acted on these. She asked Chase to reimburse the remaining amount Miss R had lost, along with 8% simple interest.

Chase disagreed with this outcome. They felt they could have done little more to stop Miss R sending money to a supposedly safe account. They've asked an ombudsman to review the complaint.

## **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 outcome as our investigator. I'll explain why.

There's no dispute that Miss R made and authorised the payments (to both the safe account

and her partner). Miss R knew the reasons why she was being asked to make the transfers. At the stage she was doing this, she believed she was taking urgent action to keep her own money safe and would be able to access the account with M once this had been done.

I don't dispute Miss R was scammed but under the Payment Services Regulations 2017, I'm satisfied the transactions were authorised.

It's also accepted that Chase has an obligation to follow Miss R's instructions. So in the first instance Miss R is presumed liable for her loss. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that Chase should:

- have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.
- in some circumstances, irrespective of the payment channel used, have taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

Miss R fell victim to a sophisticated scam. Unfortunately safe account scams – which is what this was – are not massively unusual. In her case, she was targeted by a fraudster who knew enough about her to tailor their approach to her and make it believable. This is particularly true when Miss R called Chase and ignored their warnings. The fraudster seemed more credible as they'd targeted their script to Miss R's specific situation.

It's difficult to overestimate the stress that can be caused by these types of calls, and the panic they're meant to engender in the people who receive them. Particularly when I take into account Miss R's personal circumstances at this time. She'd suffered a recent family bereavement and was away on holiday.

The fraudster was also able to explain in detail how Miss R should make the payments and direct her which convinced her she was speaking to someone from her genuine bank and she should trust this person who said they were from Chase.

I also note that her partner also spoke to the fraudster and was similarly convinced. I believe Chase may have already refunded Miss R's partner.

It's clear Chase has mechanisms in place to check unusual transactions, because this was triggered by Miss R trying to transfer £20,000 to a new account. And at the time she left some funds in her current account so I can also see why this might not have looked completely like a safe account scam to Chase.

However Chase went to the effort of making sure she called them to release the payment but during the call, as far as I can tell, they went no further than asking her if she'd been asked to transfer money to a safe account. Banks will be aware that fraudsters are very aware that this call could take place and do what they can to ensure the victim acts calmly

and bats away such questions.

Despite a safe account being mentioned, by this time Miss R was convinced she was talking to her genuine bank so didn't see anything wrong in doing what she did.

For these reasons I believe Chase should have undertaken additional steps to intervene and press Miss R further. I appreciate they feel that it isn't their strategy to tackle customers once a customer has confirmed they've opened a new account and may be using this as their new account, but this seems to me to so closely resemble a safe account scam and Chase should have been able to spot this.

The fraudster was aware what was going on during the call, and if they felt Miss R was being effectively challenged, I believe they would have come off of the phone immediately.

As I say, safe account scams are not unusual. All banks are aware of how these operate.

I'm also aware in Chase's case what their terms and conditions state about customers being at fault when they're tricked but I can confirm I don't believe this was the case here.

### **Putting things right**

As I believe any further intervention Chase should have made would have changed what happened here, I am going to ask them to refund £6,295.39 to Miss R. They will also need to add 8% simple interest to that amount.

This has had a massive impact on Miss R, shattering her confidence. I'm really sorry that this is so. I don't believe it would be fair to ask Chase to provide additional compensation, although I have considered this aspect carefully.

### **My final decision**

For the reasons given, my final decision is to instruct J.P. Morgan Europe Limited, trading as Chase, to:

- Refund £6,295.39 to Miss R;
- Add 8% simple interest from 5 April 2023 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 19 January 2024.

Sandra Quinn  
**Ombudsman**