

The complaint

Ms R complains that J.P. Morgan Europe Limited trading as Chase (“Chase”) hasn’t protected her from losing money she paid to one of Chase’s customers as a result of fraud.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Ms R has explained that in June 2023, as a result of a scam, she made a payment of £1,725.99 from her account held with a third-party electronic money institution to an account held with Chase.

Ms R subsequently realised she’d been scammed but wasn’t reimbursed her lost funds, so she referred her complaint about Chase to us. Our Investigator couldn’t resolve the matter informally, so the case has been passed to me for a decision.

I sent Ms R and Chase my provisional decision last month, explaining why I was minded to uphold this complaint in part (but not in the main). Chase accepted my provisional decision. Ms R has said she is extremely disappointed: she says I’ve effectively allowed the fraudster to get away with stealing her money, and she wants it all returned. Now that both parties have had fair opportunity to respond to my provisional decision, I’m now ready to explain my final decision.

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 conclusions as in my provisional decision and for the same reasons. I appreciate Ms R is disappointed. But this complaint is about Chase, not the fraudster, and I already explained in my provisional decision why I can’t automatically uphold this complaint more fully than I have just because Ms R was unfortunately scammed. I’ve explained my reasons again below.

First, let me say, I’m sorry to hear Ms R has been the victim of a scam. I sympathise, and I understand why she thinks it’s unfair she should bear the loss. She’s reiterated her dissatisfaction about this in her response to my provisional decision. But ultimately Ms R has suffered her loss because of a fraudster. I can’t uphold this complaint about Chase just because Ms R has been scammed – I can’t reasonably ask Chase to reimburse loss that resulted from the criminal actions of a third party unless Chase’s acts or omissions unfairly resulted in Ms R’s loss. So, what I have to decide is whether Chase reasonably did enough to prevent, or respond to, the alleged authorised push payment (APP) fraud.

Chase has shared relevant information with this service in confidence to allow us to discharge our investigatory functions and has provided that which is necessary for the determination of this complaint. But I’m also limited to how much of this I can share for the same reasons as Chase. But I’d like to assure Ms R I’ve carefully reviewed everything before reaching my decision.

I appreciate Ms R may feel Chase should refund her loss as it allowed a fraudster to open and operate an account. But an account later found to have been utilised to misappropriate funds doesn't automatically entitle the payer (victim) to a refund nor does it mean that the recipient bank unreasonably failed to prevent the loss. What I need to consider is whether at the time of opening the account Chase ought reasonably to have known that the account being opened would later be used fraudulently. And in the circumstances of this complaint, there wasn't anything at the time that I think reasonably could've alerted Chase that the account it was opening would later be used to misappropriate funds. So, I'm satisfied it didn't miss an opportunity to prevent the fraud when opening the account.

I've also considered whether there was anything prior to when Chase was notified Ms R had been scammed that ought to have alerted Chase to the possibility of fraud. I'm satisfied none of the account activity ought to have stood out to Chase as unusual or suspicious. So, I can't fairly say Chase unreasonably missed an opportunity to prevent Ms R's loss here either.

I'm also satisfied having seen appropriate technical information that by the time Chase was told that Ms R's payment had been made as a result of a scam, there was, at most, only £8.44 left of her funds in the recipient's account. I understand that our Investigator recommended that Chase therefore refund this amount and also pay Ms R interest on this amount calculated at 8% simple per year from 9 June 2023 to the date of settlement. Chase accepted the Investigator's recommendation in this regard. And I'm also satisfied this is fair and reasonable.

I understand Ms R will be disappointed, and I'm sorry she's lost money. However, for the reasons I've explained, I don't think Chase unreasonably missed an opportunity to either prevent the fraud or to have recovered more than £8.44 of the funds. So I'm not able to uphold this complaint in the main.

My final decision

For the reasons explained, I uphold this complaint in part (although not in the main) and I direct J.P. Morgan Europe Limited trading as Chase to pay Ms R:

- £8.44; plus
- interest on this amount calculated at 8% simple per year from 9 June 2023 to the date of settlement (if Chase deducts tax from this interest, it should send Ms R the appropriate tax deduction certificate).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 11 June 2024.

Neil Bridge
Ombudsman