

The complaint

Miss R complains that J.P. Morgan Europe Limited trading as Chase ('Chase') won't refund the money she lost in a scam.

What happened

Miss R says that in August 2022 she received a text message that purported to be from another bank, followed shortly afterwards by a call. She was told that someone had tried to take money from her account and would continue to clear her funds, so she needed to move her money to a safe account. The call came from a spoofed number. Miss R was told that her money in other accounts was also at risk, and she needed to move all her funds as quickly as possible. Miss R did as she was instructed and moved £2,900 from her Chase account to the safe account. She attempted to make further payments, but these were blocked by Chase.

After she'd made the transfers Miss R spoke to her mother who advised her that no bank would ask her to move her money in this way. Miss R then reported the scam to Chase on the day of the scam.

Chase looked into Miss R's claim and initially made a £50 compensation payment to reflect its poor customer service and lack of empathy. Miss R complained again, and Chase said it could have contacted the bank that received Miss R's funds sooner. Had it done so, Chase could have recovered some of Miss R's funds so refunded this amount - £309. Chase also made an additional payment of £25 to reflect the additional inconvenience it had caused.

Miss R wasn't happy with Chase's response and brought a complaint to this service. She said that Chase was aware of suspicious activity on her account when she made the £2,900 transfer so should refund this amount. She also said that Chase didn't act quickly enough when the scam was reported and that had it done so her funds could have been recovered.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said that the transaction wasn't so unusual or out of character that Chase should have intervened. The investigator also said that Chase should have contacted the receiving bank sooner, but no further funds would have been recovered, and the amount Chase had paid in respect of the service it provided was fair.

Miss R didn't agree with the investigator's findings. In summary, she said:

- Chase was aware she was at risk of financial harm as it stopped subsequent payments.
- The payments formed a pattern of suspicious payments.
- After her appeal Chase refunded £309 which it said it should have refunded months earlier.
- She did what she could to protect herself.

I approached Miss R informally to explain why I didn't think I could uphold her complaint but, for largely the same reasons I've set out above Miss R didn't agree. She added that:

- If Chase had contacted the receiving bank sooner her funds wouldn't have been

withdrawn from the account.

- She is the innocent victim of a scam and Chase's handling of her claim has had a big impact on her emotionally.
- Miss R discussed proposed new legislation that would give greater protection to scam victims.
- It would make financial sense to refund her as her feedback to other customers would be valuable.

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'm sorry to hear about what happened here and of the impact this has had on Miss R.

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 have been good industry practice at the time.

The CRM Code doesn't apply in this case because Chase hasn't signed up to it. So in broad terms, the starting position at law is that a bank 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. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Chase should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- 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 (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Chase acted fairly and reasonably in its dealings with Miss R when she made the payment, or whether it should have done more than it did. I have considered the position carefully. Having done so, I'm satisfied that Chase acted reasonably in processing Miss R's payment request and will explain why.

Although I recognise it was a large amount to lose, the amount of the payment was relatively low. There were also no other concerning factors at the time it was made. Miss R transferred funds from her savings account and then made the £2,900 payment to a named individual with the reference "*Holiday*". People regularly move funds from savings to make a more significant payment for something like a holiday. And, as this was the first payment Miss R

made to the scammer, an unusual pattern of payments hadn't emerged that ought reasonably to have led Chase to have any particular concerns.

In the circumstances, I consider that Chase went far enough in providing an on-screen warning when Miss R set up a new payee before transferring £2,900. Chase provided Miss R with a warning that said,

"We'll never ask you to move your money to a 'safe' account

If you're ever in doubt about a payee, stop and get more advice."

The fact that subsequent payments were blocked doesn't mean Chase knew there was a risk of financial harm when Miss R made the first payment. Patterns emerge when further payment requests are made. Making payments in quick succession can be an indication that something is wrong – but this only happened after the £2,900 payment was made and I'm pleased to see that Chase recognised this and took appropriate action.

Recovery of funds

I'd expect Chase to contact the bank that received Miss R's funds as soon as possible after the scam was reported to see if any funds remained to be recovered. Miss R first contacted Chase via its in-app chat at 15:54 on the day of the scam (29 August 2022). But Chase didn't approach the receiving bank until the following day.

I've considered the impact of the delay. The bank that received Miss R's funds has provided details of when the funds were removed from the recipient account. Some funds were removed very quickly, and before I'd expect Chase to make contact. But £309 was removed after I think Chase ought reasonably to have contacted the receiving bank. When Chase reviewed Miss R's complaint it refunded her this amount and recognised it could have done better. I'm satisfied Chase acted reasonably in doing so and don't consider that Chase should refund anything more.

I consider the amounts already offered to Miss R in respect of the service Chase provided are fair and am not awarding anything more. Chase recognised it didn't update Miss R adequately and that it should have refunded £309 sooner. The £50 award is fair for the service issues. I'd have asked Chase to pay interest on £309 but its award of £25 exceeds the interest I'd have awarded, so I think it's fair. If Chase hasn't already paid the awards of £50 and £25 it should do so now.

I'm afraid I can only apply current law, regulations, guidance and best practice so can't consider proposals for reform when assessing what is fair and reasonable in the circumstances of Miss R's complaint. And I can't require Chase to pay anything to Miss R on the basis that it might make financial sense.

Overall, whilst I'm really sorry to hear of Miss R's loss and recognise she's the victim of a cruel scam, I can't reasonably ask Chase to do anything more.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 14 September 2023.

Jay Hadfield
Ombudsman