

The complaint

Mr H complains that Trading 212 UK Limited (“T212”) restricted his ability to trade in January 2021 which has caused him direct financial loss.

What happened

Mr H had a trading account with T212. He’s complained as he wanted to sell his AMC shares on 27 January 2021 but wasn’t able to log in and do so. He’s referenced findings in the USA against a broker to say that T212 was manipulating the ability to trade and says he’s lost out because of it.

Mr H says he wanted to sell his shares at around \$19 per share but was restricted from doing so. He said he eventually sold shares at around \$6 per share and has lost out on significant returns.

Our Investigator didn’t uphold Mr H’s complaint. In summary she said the following:

- There was unprecedented worldwide activity and volatility which affected Mr H’s shares in AMC. As a result this impacted on the demand for T212’s services meaning some customers experienced issues when placing trades on 27 January 2021.
- Evidence shows Mr H was able to access the platform and sell some of his AMC shares for around \$18.07 on 27 January 2021.
- Trading was then suspended on 28 January 2021 – this was done by T212’s broker and liquidity provider and was outside of T212’s control.
- The terms of Mr H’s account say T212 can suspend or remove from the trading platform any financial instrument and market hours at its sole discretion.
- The Financial Conduct Authority (FCA) issued a statement to say that firms like T212 have no legal or regulatory obligation to offer trading facilities and where a platform considers it necessary they may withdraw their services.

Mr H disagreed with our Investigator. He explained that he was unable to access the platform for a number of hours – virtually the whole day. He’s unhappy T212 responded talking about shares in GME when he had shares in AMC. When he was able to log into his account the markets were closed and T212 offered no phone support like other platforms. Mr H submitted a number of social media complaints made about T212’s platform for the time period. He says he couldn’t sell his shares when he wanted to and has lost money as a result. He asked for an Ombudsman to consider 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’m not upholding this complaint for similar reasons to our Investigator. I’ll explain why.

Mr H's complaint is about the inability to sell his shares in AMC on 27 January 2021 at the price he wanted to sell them. He's mentioned they reached \$19, \$20 and £22 per share when he couldn't trade. T212 has explained that many of its customers had issues accessing the platform on this day – which is supported by the social media complaints that Mr H has sent in. However, on 27 January 2021 the market for the AMC shares, amongst other shares, was extremely volatile. This was the day that saw unprecedented demand for certain shares following an online movement.

I've considered the evidence submitted by Mr H and T212 carefully and I'm satisfied that T212 has acted in line with its terms and the regulations.

Mr H's agreement with T212 says that he acknowledges that the platform may be subject to disruption and downtime caused by external factors. And the agreement goes on to say that Mr H agrees to waive any claim against T212 for loss suffered due to disruption to the provision of the platform due to circumstances outside of its reasonable control. In this case, the downtime on the platform was due to the unprecedented demand for T212's services. This was caused by external market factors outside of its reasonable control – a movement created by users of various social media platforms to increase the prices of certain stocks and shares.

I'm satisfied that on 27 January 2021, the time Mr H wasn't able to access the platform or sell his shares was directly caused by this unprecedented interest and market activity and wasn't something that was inside of T212's control. I understand Mr H was disappointed there was no phone support available – but T212 hasn't offered this for some time. And I don't think it would've made any difference if it had been available during what was a period by which the unprecedented interest in GME (and other shares like AMC) caused an extreme strain on trading platforms worldwide.

On 28 January 2021, T212 suspended trading in AMC shares. This restriction was prompted by circumstances outside of its control including its liquidity provider restricting access to the shares. Essentially – T212 wasn't able to offer these shares on its platform. This was because the volumes of trading on the shares generated substantial risk exposures at the firms that clear the trades. So large brokers, including T212's execution intermediary, had to stop accepting orders until additional funds could be cleared and transferred.

The FCA issued a statement on 29 January 2021 which made it clear firms could act in the way T212 has done in this situation. It said:

“Broking firms are not obliged to offer trading facilities to clients. They may withdraw their services, in line with customer terms and conditions if, for instance, they consider it necessary or prudent to do so. Firms are exposed to greater risk and therefore more likely to need to take such action during periods of abnormally high transaction volumes and price volatility.”

So, it follows that I don't think T212 has done anything wrong here. It's acted in line with its terms that Mr H agreed to as well as the regulator's guidance.

As a side note, whilst I appreciate that Mr H wasn't able to sell his shares in AMC when he wanted to – which was due to the extreme market volatility at the time – I can see he was able to sell some shares on 27 January 2021 at around \$18 per share. This shows me he was able to make some profit but it appears he didn't sell his full holding. The following day the trades were suspended and when Mr H was able to sell, the share price had dropped again. I appreciate his frustration with this, but for the reasons I've explained, I don't think T212 has caused any losses Mr H experienced when selling his shares.

Mr H has referenced regulatory action in the USA against a broker to support his complaint, however I've already explained that I can't see T212 acted outside of its regulatory duties or outside of its terms.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 December 2022.

Charlotte Wilson
Ombudsman