

The complaint

Mr J's complaint concerns CMC Spreadbet Plc's trading applications. He believes they're unfit for purpose and expose users to third party interference.

What happened

Mr J has wide-ranging concerns about the way in which CMC's systems work and how this may have impacted his spread betting accounts. He feels that its prices have been deliberately delayed, and its applications and servers are open to external computers connecting to them. Further, he's also questioned whether spread betting should actually be considered gambling and regulated differently. In his complaint to CMC about these issues he requested a refund of all the deposits he'd made to two accounts he'd held with it, opened in 2008 and 2019.

CMC strongly refuted all Mr J's claims, so he referred his complaint to this service. Our investigator reviewed the evidence but was unable to conclude that the complaint should be upheld. She said, in brief:

- She wasn't persuaded the evidence Mr J had provided showed his accounts had been hacked. She said that even if it could be demonstrated that there'd been some sort of interference between Mr J's device and CMC's servers it was unlikely it could be shown that this was a result of an error or failure by CMC.
- Mr J had not provided specific example of irregularities – losses or withdrawals – that might indicate unauthorised access to his accounts.
- In the absence of such examples, an examination of Mr J's account activity showed, in addition to trading losses, only withdrawals by Mr J made in line with CMC's terms to a registered account, and the application of holding fees.
- Although Mr J had concerns about how the alleged hacking might have affected other customers of CMC, she was unable to obtain general – potential commercially sensitive – information about other customers in respect of a complaint about the service provided specifically to Mr J.
- It appeared that Mr J's concerns about potential hacking followed changes made by CMC to WTI oil contracts in April 2020 in response to the extreme volatility in oil price at that time. These changes reduced the price movement, which the investigator acknowledged could've given the impression that the price was being delayed. But she was satisfied that wasn't the case and she was further satisfied that holding fees applied to Mr J's account in respect of the new product were correct.
- In general, she didn't consider CMC had acted incorrectly in relation to its regulatory responsibilities and that its terms explained it acted as a counterparty, setting its own prices while reflecting the underlying markets.

Mr J didn't accept the investigator's view. He reiterated his complaint and highlighted that his concerns had been raised with other agencies. He provided significant further evidence in the form of emails between him and CMC, and copies of several media articles on the subject of hacking. He said he felt expert external opinion would be required to properly examine the evidence.

The investigator wasn't persuaded to change her opinion, so that matter's been referred to

me to review.

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, while I recognise Mr J will be very disappointed, I've reached the same conclusions as the investigator and for broadly the same reasons.

I should say first that I hope Mr J won't take it as a discourtesy that I've condensed his complaint in the way I have. Although I've read and considered the whole file, including the recent additional submissions, I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it, but because I don't think I need to comment on it to reach the right outcome.

I appreciate Mr J feels that the nature of his complaint – dealing with very technical aspects of the functionality of CMC's systems – requires referral to external expert opinion. I've considered this carefully, but in the context of my consideration of his complaint I've concluded that it isn't necessary. I say this because the purpose of our service is to resolve disputes between individual customers and businesses. To make a finding in Mr J's favour I would need to be persuaded that acts or omission on the part of CMC had caused him financial loss and/or pain, distress, or reputational damage. And I've not seen that's the case.

I've noted the evidence Mr J has provided in the form of screen prints and seen, for example, where he's pointed to source code showing in the 'sign-in' field of CMC's application. While this may be unusual, I've not seen conclusively that it's indicative of an error or failing on CMC's part. And, importantly, I've also not seen that it has caused Mr J any loss. If there was a clear link between what Mr J has shown and a failed trade or an unauthorised withdrawal I might think differently. But in the absence of that sort of evidential trail, I'm unable to conclude that CMC has acted incorrectly.

Mr J has also raised concerns that the issues he feels are present within CMC's systems have a far-reaching impact on other customers. But as the investigator noted, I'm looking only at what, if anything, CMC has done (or not done) that affects Mr J individually. He can raise his more general concerns with other parties that may be better placed to investigate them, and from what I've seen, it appears this is something he's already started to do.

Overall, I've not seen that CMC has deviated from its terms or acted outside its regulatory requirements. I note what Mr J has said about the nature of spread betting and I can understand his concerns. But it's nevertheless the case that CMC is authorised and regulated by the Financial Conduct Authority and it is those rules that it's required to follow.

In conclusion, I've not found that CMC has acted incorrectly or unreasonably, so there are no grounds on which I can direct it to make a refund of Mr J's deposits or otherwise compensate him.

My final decision

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 12 October 2022.

James Harris
Ombudsman