

## The complaint

Mr M complains about his Contract for Differences (CFD) trading account with Trading 212 UK Limited (T212). He says T212 incorrectly closed one of the positions he held which not only crystallised a magnified loss, but also impacted eight other positions he had open.

## What happened

On 15 January 2021, T212 closed one of Mr M's positions in a company I will call A due to margin requirement. However, T212 had received an incorrect quote for A – though it appeared A's price was €0.12, it was in fact closer to €0.45.

Mr M had opened his position around €0.59 so it was running against him, but his losses had been exacerbated from around €163 to €558. As he didn't have the margin to fund the larger loss, his position in A was closed out. A further eight positions in a company I will call B were closed too – six at a profit and two at a loss.

Later that day Mr M got in touch with T212 and us as he noticed the incorrect quote for A. Having looked at what had happened, T212 put €394.80 into his account which was the difference in the incorrect quote of €0.12 and what they said the correct sell price was at the time, €0.45.

T212 later looked into Mr M's complaint and offered him a further €100 as they recognised the knock on effect to his positions in B – this covered the losses Mr M had crystallised on two positions which totalled €44.66, meaning the remaining €55.34 was for the inconvenience he'd suffered. Mr M initially wasn't happy with this, but in September 2021 he decided to accept the additional €100.

Thereafter, one of our investigators looked into the complaint – he agreed that something had gone wrong given the erroneous quote for A, but thought T212 had done enough to put things right given the compensation they'd paid.

Mr M remained concerned about what'd happened and worried about how easily pricing errors could occur without either party realising. He also felt T212 had only compensated him because he'd notified the regulator about what had happened. Our investigator thought about what had been said but remained of the view T212 had done enough to put things right.

As an agreement wasn't reached, the complaint was passed to me to decide. After reviewing what had happened, we asked T212 for some further detail around the prices of A on the day in question and to explore the possibility that Mr M might not have made a loss on the trade. Having considered our questions, T212 made a further offer of €108 to settle the complaint as this would effectively cancel out Mr M's trade in A. We put that offer to Mr M to get his thoughts, and he said, in summary:

- He felt T212 were cheating people within the UK and abroad – he'd dealt with T212 in the UK as he thought financial institutions in this country would be honest, but he'd had a negative experience – he thought they ought to be punished
- He wanted us to check how many other investors had been cheated

- He incurred losses because T212 forcibly closed his positions
- T212 also closed his account because he'd come to our service and he felt his account should be reopened
- Considering everything that'd happened, he should get a good amount of compensation from them

### **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.

It is not in dispute that the price of €0.12 for A on 15 January 2021 was an incorrect quote. This error led to the wrongful closure of Mr M's position and exaggerated his losses. So what we must consider is what impact this had on Mr M, and whether T212 have done enough to put things right.

Initially, I have thought about the incorrect quote received. T212 have not been able to provide me with background information as to how and why they received such a quote from their provider. They're also no longer able to access tick data which might show the anomaly given a price for A is no longer offered. Despite this, I appreciate the fact that the price did report as €0.12 as this is what triggered Mr M's margin call.

T212 refunded Mr M with the difference between what his running loss ought to have been and what he did in fact lose. But it's been difficult to confirm what the sell price ought to have been at the time and what happened to the price of A for the rest of the day. Although T212 have explained that at the time, their spread was 5 cents with the correct buy and sell prices being €0.50 and €0.45 respectively, I remained concerned that without prices for the remainder of the day.

Not knowing about the price of A later that day, and not knowing what Mr M's margin position was and how it would've been affected means it's difficult to establish what position Mr M ought to have been in, but for the incorrect quote – for example, how long he could have run his position if it continued to move against him, or whether the market began to move up and his loss became smaller, or even turned to profit. But as explained, having raised this with T212 they have now agreed to pay additional compensation of €108.

Given Mr M's loss in A was €558, the offer of €108 effectively cancels the position out given the €394.80 paid on the day and the €55.34 paid in September 2021. This means Mr M's losses stemming from the erroneous quote – including those incurred on positions in B – have been refunded by T212.

I think this is a fair outcome to Mr M's complaint as we are not to know how the position in A would otherwise have performed but for the pricing issue – Mr M might have made a profit, but equally he might have made a loss. And indeed, from the limited records I can see from the time, it does appear the market moved against him in the days that followed. So I'm satisfied that T212's offer to pay a further €108 and put him back into the position had the trade not occurred is a fair and reasonable way to resolve things.

I recognise Mr M's concerns about T212 stem further than the issue at the heart of this complaint, but I'm not able to consider the wider concerns he has about T212 and their dealings with other clients – such complaints would be for those other clients to raise. Our service also isn't T212's regulator, so we're not able to punish them for wider wrongdoing. Should Mr M remain concerned, he is welcome to refer the matter to the Financial Conduct Authority. But for clarity, I will say here that while T212 closed Mr M's positions, they did so as a result of an incorrect price quote and because of that they've offered to put things right.

So, but for the offer they have now made, I don't think they need to do anything else to put things right.

Lastly, I appreciate Mr M is unhappy with T212's decision to close his trading account, but as our investigator explained this isn't something we've been able to consider as part of this complaint. Should he wish, he remains welcome to raise the matter with T212 directly and ask for our help thereafter if needed.

### **My final decision**

As explained, Trading 212 UK Limited have made an offer to pay €108 to settle the complaint and I think this is fair in all the circumstances.

So my final decision is that Trading 212 UK Limited should pay Mr M €108.

Should Mr M accept my final decision and Trading 212 UK Limited not pay him within 28 days of them being notified of his acceptance, I direct Trading 212 UK Limited to pay simple interest on any sum outstanding at a rate of 8% per year from the date of my decision until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 March 2023.

Aimee Stanton  
**Ombudsman**