

## The complaint

Mr and Mrs C complain that IG Markets Limited (“IG”) failed to process a joint account application and merge existing accounts into it. They complain IG responded too slowly to their request to move assets from an account of Mr C to an account of Mrs C. They complain IG was difficult to contact during this period and its service was not fit for purpose. They complain that in response to these complaints - and others they raised about the transfer of ISAs - IG acted unfairly by insisting they close all their IG accounts, even though IG had accepted some parts of their complaints. They complain that the reasons IG gave for closing their accounts included unfair comments about their conduct.

## Background

The complaint points above relate to joint accounts, a share transfer between an account held by Mr C and an account held by Mrs C and IG’s decision to stop doing business with Mr and Mrs C, which affected all their accounts. During this same period IG handled the transfer in and transfer out of ISA accounts held by Mr C and Mrs C individually. Their complaints about those ISA transfers are being considered separately.

## What happened

Mr C had been a customer of IG since April 2012.

On 9 January 2021 Mr and Mrs C posted application forms to IG. These were for two ISAs, cash ISA transfers, a trading account for Mrs C and papers to get a joint account. On 25 January they complained to IG of a lack of progress with their applications and difficulty in getting through to IG on ‘chat’ (an instant messaging service) or phone.

On 4 February 2021 Mr and Mrs C told IG it had shown total incompetence and a dilatory attitude in its handling of both ISA transfers. On 5 February they complained formally about IG’s handling of their applications, including that no joint account had been set up.

Mr and Mrs C said the service was dreadful and having an impact on their financial and personal wellbeing. They said IG hadn’t delayed when it closed a position on Mr C’s account on 27 January, causing him substantial losses. They said not having had the joint account set up *“impacts on the significant tax losses”* Mr C had incurred as a result of IG closing his positions. Later in February IG credited funds received for Mr and Mrs C’s ISAs.

On 13 March 2021 Mr and Mrs C spoke to IG about transferring shares from Mr C’s account to Mrs C’s new account and then into her ISA (calling this *“bed and ISA”*). IG was to provide Mr and Mrs C with more on how this could be done.

Mr and Mrs C also told IG they hadn’t heard back about their joint account application.

On the same day IG emailed Mr and Mrs C saying it was looking into their transfer query and expected to have more for them on that on 16 March. It also told them it couldn’t find the joint application – and asked whether they wished to proceed with it.

In reply on 14 March 2021 Mr and Mrs C told IG they had definitely sent an application for a joint account in the envelope with their other applications – and that they had previously complained about the account not being set up but hadn't received any reply. They also said they did wish to go ahead with the share transfer as soon as possible and they asked what the charges for that transfer would be.

Mr and Mrs C didn't hear more from IG on 16 March 2021 about the share transfer like IG had suggested they might. They still hadn't heard more on 18 March. They say they couldn't contact IG by chat or get through by phone. So Mrs C bought the shares herself using cash in her ISA. They told IG this on 18 March and said the share transfer was no longer needed. They told IG a delay of a few days wasn't acceptable given the shares were subject to a takeover that could complete at any time. They said their mitigating action in buying the shares had risked extra costs and risked missing out on price moves. They said IG was broken and not fit for purpose and was failing in its duty of care to private investors. They said they wanted to complain about this as IG had failed to act appropriately and speedily on an important financial transaction. They didn't say anything more about their joint application.

IG got in touch with Mr and Mrs C on 20 March 2021 about what the share transfer would cost if it went ahead. Mr and Mrs C repeated what they had already told IG about this no longer being needed. On 3 April IG emailed Mr and Mrs C saying the share transfer would be done. Mr and Mrs C replied to IG *"in total frustration"* on 5 April. They said IG's message had caused them more work, worry and frustration – as it was totally incorrect, given that they had cancelled the share transfer request and this had been acknowledged. They said they had previously given feedback in response to a 3 April request in which they gave IG a zero rating and *"told you exactly what I thought of your service"*. They said the message further strengthened their view. They said IG had completely failed to act 'expediently' on their instructions *"despite promises made"*. They said: *"Why are IG staff so incompetent?"*

On 8 April 2021 IG responded to complaints made by Mr C, including that the joint account hadn't been set up. It offered Mr C £200 and apologised for not setting up the joint account and for service issues largely related to being difficult to reach by chat or phone. On 20 April IG offered Mrs C £300 for largely the same things and a delay in crediting cash to her ISA.

On 22 April 2021 Mr and Mrs C complained about their experience with the share transfer and related service points. They said it was a *"total shambles"* and they were forced to cancel their plan as a result of *"unacceptable service delays"*. They said IG *"seem to treat Clients finances like Monopoly Money..."* They asked IG to consider how it would like to be treated if it were the client and how it would expect to be treated and compensated.

At the same time Mr and Mrs C asked IG to increase the £200 it had offered Mr C, with the increase being to compensate for delay in transferring in his ISA. IG's complaint response had said that it couldn't see any failings on its part in relation to that transfer. Mr and Mrs C raised a number of further points and questions in connection with that.

Mr and Mrs C also said there were *"significant financial implications"* of IG not having set up the joint account they had wanted. They said it *"may cause thousands of pounds differences in our individual tax bills"* because the taxation of losses or gains are *"treated differently"* depending on ownership of the asset and *"have a cut-off date of the Financial Year end"*.

Mr and Mrs C said any future losses or loss of profits and the £30,000 of these Mr C had incurred on two positions on his account couldn't be apportioned jointly due to IG's failure to set up the joint account. They said IG had been negligent and failed in its duty of care.

On 8 June 2021 IG rejected the share transfer complaint, saying it wasn't reasonable for Mr and Mrs C to have expected IG to process the share transfer as quickly as they had

expected. It later said this could take *“anything up to a week to complete”*. Mr and Mrs C have said IG took seven days to give details of the charges before starting any work on the transfer, so IG wouldn't have completed the transfer within a week.

IG also at that time told Mr and Mrs C it no longer wanted them as clients. It said it had at times found their language towards staff rude and their clear and continued dissatisfaction and frequent complaints in recent months led it to question why they had chosen to stay with IG. It said it would close their accounts after 90 days (on 6 September) and in the meantime they would not be able to purchase new stock.

Mr and Mrs C told IG they were deeply offended by its suggestion that it had *“at times found your language towards IG's staff rude”*. On 15 June 2021 in relation this, IG said: *“...I do not intend to once again review your prior correspondence with IG purely for the purpose of substantiating a statement I made concerning your language towards IG's staff. Our action in issuing notice of termination does not need substantiating, however sufficient reason has already been provided to you on this matter.”*

Mr and Mrs C contacted us with a report on all the above on 24 June 2021.

On 12 August 2021 IG added: *“There comes a point where it is simply not practicable to maintain a business relationship – given your belief that IG's service is not fit for purpose, it does not seem to be in either of our interests to continue with the relationship.”*

Mr and Mrs C considered IG closing their accounts to be *“tantamount to bullying”* and taking advantage of its position. They also said IG wasn't reasonable to issue final responses instead of discussing their grievances. They told us that in insisting they close their accounts IG was using unfair clauses in its terms and conditions to close down fair criticism and *“silence those suffering as a result of unacceptable service in its role as a stockbroker...”*

Mr and Mrs C didn't want to close their accounts but on 8 August 2021 they told IG they had contacted another provider and initiated a transfer of their ISA accounts. On 31 August they complained to IG about its handling of the ISA transfers out (and on 19 October IG offered Mr and Mrs C £50 for an error with Mr C's ISA) – and also about *“...the overall standard of service received from IG, the reluctance of IG to answer questions, IG ignoring requests to justify their personal accusations against their clients or discuss their clients' grievances and closing down accounts to avoid any conversations they may find embarrassing.”*

The provisional decision I sent the parties outlined events as I have above and neither party has taken issue with that sequence. My provisional decision upheld the complaint in part. It said there were shortcomings in IG's service so it should compensate Mr and Mrs C for the frustration and inconvenience caused - in particular the difficulty they had contacting IG by phone or on its 'chat' and IG's failure to set up the joint account. It said IG should pay them £300 for all this. It also said the failure to set up the joint account hadn't caused a financial loss that IG should redress. It also said IG was entitled to end the business relationship and its decision to do so was reasonable given that the gap between its service and the service Mr and Mrs C wanted put both parties at risk of loss - noting the share transfer transaction in particular. It also said the evidence didn't justify what IG had said about rude language being used towards IG's staff. It said IG should apologise to Mr and Mrs C for that suggestion and for having suggested that it gave grounds for closing their accounts.

IG responded and had nothing new to add.

Mr and Mrs C rejected my provisional decision. They said they were extremely disappointed with the response. They made a number of other points, including, in brief summary:

- Just before the cancellation of their accounts they had very many problems and errors with IG on all the accounts they held or had applied for. They both experienced errors and delays on the transfer of accounts both into and out of IG and on the transfer of ISA cash out of IG. A substantial loss was incurred by Mrs C as a direct result of the delay of the ISA cash. IG's sub-standard and very poor service, exacerbated by our even slower responses, have involved them in many, many, hours of unnecessary work and research to try to resolve matters.
- IG's accusations were totally unprofessional and had denigrated Mr C and it had refused to provide supporting evidence.
- It wasn't fair for IG to cancel all their accounts worth around £126,000 in an apparent revenge action brought on due to multiple, justifiable complaints against IG that were mostly upheld by IG. It was not reasonable for IG to do this without giving them any chance to discuss the situation.
- While acknowledging their complaints and frustrations were justified, my provisional decision failed to enforce any measures to make IG raise its standards to what one would reasonably expect from a global financial institution. It allows IG to get away with only paying a small "fine" for carrying out work to an inappropriate standard, rather than upholding correct business or working standards. In the long run this can be harmful. I was influenced by our service not meeting its own standards meaning I can't criticise IG.
- My provisional decision lacked regard for their reasonable expectations, was consistently lenient towards IG and didn't provide adequate protection for them as customers paying for a financial service and entrusting IG with around £126,000 of their investments. Nor did it compensate them adequately for the hours of work and distress required to make IG acknowledge its many shortcomings.
- Each of their complaints had been considered in isolation without regard to the other errors and poor service that permeated IG's interactions with them. My assessment was long but only covered some of the shortcomings and failings they had reported.
- As elderly clients paying for services from a global company in the financial services sector, they were fully justified in expecting IG to provide a standard of service expressly required from a professional regulated company entrusted with pensioners' hard-earned savings. Before trading apps, clients would contact brokers in person or by phone and trades were executed almost immediately. Stock market prices change in milliseconds, so accuracy and speed are absolutely necessary to protect clients' finances and fulfil a stockbroker's duty of care to its clients. It seems in the 21st century it is unreasonable for members of the public to expect businesses to perform well and provide good and efficient service, even when the service is paid for. Sadly, financial institutions have very much lower standards of governance and enforcement than that of yesteryears.
- Many institutions are currently performing disgracefully but that isn't the standard by which IG should be judged. A few businesses still perform well and they brought to my attention one that performed far better when handling the transfer of their ISA monies. Also they have received prompt restitution recently from other financial organisations or regulators for things that went wrong.
- Unnecessary delays in expediting client instructions are tantamount to negligence. My provisional decision seems to say it is acceptable for IG to choose to give a sub-standard service even though it applies high charges, appearing to completely ignore IG's duty of care obligation whilst entrusted with large sums of clients' money. IG is fully supported in its total lack of regard for its clients financial or mental well-being. They on the other

hand have absolutely no leeway regarding their slow response or payment.

- It appears clients have to wait an undefined and protracted period for payments, despite payments having become faster in banking, but must pay immediately to protect the position of the broker. This totally unequitable situation allows large firms to abuse their position and profit from the extended retention of client monies, understaffing, poorly trained and under supervised staff and the failure of governing bodies to adequately police and penalise them.
- IG cancelled their accounts in revenge after they justifiably complained of shortcomings. My provisional decision was alarmingly lenient towards IG, which at best has abused its position, using an unjustified and unsubstantiated reason to close their accounts. It is insulting to suggest that IG make a hollow apology for unjustifiably denigrating them, by accusing Mr C of using rude language towards its staff and citing this as a reason to close their accounts, particularly given the involvement of a senior supervisor in all that.
- Failings are not everywhere but, where they are, the solution is not to cancel accounts and then prevaricate on expediting share and cash transfers, nor to denigrate clients but to raise standards of ethics and performance, rather than further alienate those that have helped fund their bonuses.
- The purpose of their approach to our service was to seek assistance after they felt abused, aggrieved, bullied, denigrated and frustrated by very many errors and poor service from a global financial services company of which Mr C had been a loyal client since 2012. This a David and Goliath situation.

### **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 decided to uphold the complaint on the same basis and for broadly the same reasons as in my provisional decision. I've briefly summarised my reasons below.

IG failed to process Mr and Mrs C's joint application like it should have done. Mr and Mrs C mentioned tax implications but haven't pointed to any losses that did actually arise from this. They have mentioned positions closed before the end of January 2021 that made losses and might have been held on the joint account instead. But in my view those losses arose before IG could reasonably have been expected to get the joint account open. Also there were still ways, in the absence of the joint account, Mr and Mrs C could've organised the ownership of positions so as to divide potential losses between them. In this regard I note that Mrs C's account was up and running before the end of the tax year.

Taking everything into account, what I have doesn't make me think that IG's failure to set up the joint account caused Mr and Mrs C tax or other losses for which IG should pay redress. But the fact IG didn't process - and it seems lost - the application, was clearly frustrating for Mr and Mrs C. In addition, IG's phone and chat facilities during the period weren't offering them the level of service they ought to have been receiving - IG has accepted that contacting it was difficult due it says to very high demand for its service at the time - causing frustration and inconvenience. So I think it fair IG pays redress to Mr and Mrs C for that.

Turning to the share transfer, I don't find IG at fault for not having carried this out in the few days before Mr and Mrs C decided to take alternative steps – during which time they were awaiting information on costs of the transaction, rather than awaiting its execution. IG had said the reply about costs might come straightaway (the next working day) but it came four

days later than that. So it was slow and was also after Mr and Mrs C had told IG they weren't going ahead with the transfer. They received a further communication about this some days later. These late and out of date responses no doubt caused inconvenience and annoyance.

I think it fair that IG pays redress of £300 to Mr and Mrs C for inconvenience and annoyance caused by the shortcomings I've identified above. To be clear, my redress is for detriment IG's failings caused Mr and Mrs C – it isn't intended to punish IG or to act as a deterrent.

I don't overlook that the failings I've identified above were experienced by Mr and Mrs C in the context of other issues, with their ISAs. I've mentioned the ISAs above in that context, although the specific issues with them are being considered elsewhere. But I reach my view on redress in this case mindful of the overall situation.

Turning to IG's decision to close Mr and Mrs C's accounts, I note this was permitted under its terms and I take that into account when deciding what is fair and reasonable in the particular circumstances of this case. I also note that, as Mr and Mrs C have said, the way in which IG failed to live up to their expectations was a way IG itself acknowledged was not good enough in some respects, as indicated by its offers of redress.

But I am persuaded IG's decision to close the accounts was made after IG took the view that there was a gap between the level of service Mr and Mrs C expected and wanted and the level of service IG was offering or could deliver. Also I'm persuaded that IG took the view that this gap wasn't just due to IG's errors – and so was liable to persist rather than being something it could fix. I say this bearing in mind that IG made its decision after rejecting Mr and Mrs C's complaint about the share transfer on the basis that the timescale in which they had expected that to be carried out wasn't something IG could or would aim to meet.

Also I note that the consequences of the gap between the service Mr and Mrs C wanted and what IG was willing to provide, were not trivial – according to Mr and Mrs C it carried the potential to cost them thousands of pounds in tax losses or to cost IG thousands of pounds in compensation payments. With this in mind, I don't find IG at fault for taking the decision it took to end the business relationship. I don't think it would be fair to require IG to provide its services where it has grounds to think it likely its services, if provided to the standards it aims for, would be found wanting. Also Mr and Mrs C, on their own evidence, could suffer large losses as a result of that service and they might avoid those by doing business instead with a firm able and willing to meet their requirements. Overall, ending the relationship appears to me to have been a reasonable course of action for IG to have taken.

I would emphasise that I do not take this decision lightly. Mr and Mrs C rightly point out that it would be unfair for IG to close their accounts on the grounds that they raised complaints about its service – perhaps even more so if those complaints were justified. But I find that IG did have a valid and reasonable reason as I've described above.

My view is also reinforced by Mr and Mrs C having objected to IG issuing final response letters in reply to their complaints, as opposed to entering into ongoing discussions with them about the issues and about its level of service. In my view it was reasonable for IG to issue its final response to each complaint and it is not at fault for not wishing to enter into further discussions about how its service levels might be increased or about the merits of not increasing them. I don't see that it would be reasonable to expect IG to have entered into discussions with Mr and Mrs C about upgrading or altering the service it offered in general.

So, taking everything into account and forming a view on what is fair and reasonable in all the circumstances, I have decided there aren't grounds to find IG at fault for the decision it took to close Mr and Mrs C's accounts.

I note though that one of the reasons given by IG was that Mr and Mrs C's language had been rude to IG's staff. Mr and Mrs C have complained about IG making that suggestion. I've considered this carefully.

I note that the service IG offered Mr and Mrs C did fall short in various ways which will have been frustrating – so it isn't surprising if they expressed their frustration and dissatisfaction. Indeed they were entitled to do so regardless of whether their complaints about the service were justified or not. But I've not found, in the correspondence and calls I've been given, anything that in my view obviously corresponds with or could fairly be said to support IG's suggestion that Mr and Mrs C's language towards IG's staff was rude. I note that when asked to particularise and justify that suggestion, IG chose not to do so - instead preferring to emphasise that it did not see continuing the relationship as likely to be mutually beneficial.

With all this in mind, I don't find grounds to justify IG's suggestion concerning language rude to its staff, and I find IG should not have said this to Mr and Mrs C or suggested that this gave valid grounds for closing their accounts. I can understand why this upset Mr and Mrs C.

Mr and Mrs C say requiring IG to apologise would result in a "hollow" apology. I do accept that an apology one has to make has a different quality to an apology volunteered. But I still think it just and appropriate that IG apologises to Mr and Mrs C for the suggestion it made and our rules give me power to make directions - so I've decided to direct IG to apologise.

In light of all I've said above and for the reasons I've given, I uphold Mr and Mrs C's complaint on the basis and to the extent I've said above. I thank all parties for their assistance and I'm grateful to Mr and Mrs C for all their prompt and detailed submissions.

### **Putting things right**

IG Markets Limited should pay Mr and Mrs C £300 for the inconvenience and upset caused by the failings I've identified in the transactions above. IG Markets Limited should also send Mr and Mrs C a written apology for suggesting that they used rude language towards its staff and for suggesting that this gave it grounds to close their accounts.

### **My final decision**

For the reasons I've given I uphold Mr and Mrs C's complaint. IG Markets Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 28 April 2023.

Richard Sheridan  
**Ombudsman**