

## **The complaint**

Mr B complains that eToro (UK) Ltd allowed him to open a CFD trading account without sufficient checks and to continue trading despite large losses and signs he had a gambling problem.

## **What happened**

Mr B opened his trading account with eToro in February 2021. He contacted it some months later, in October 2021, to tell it he had a gambling addiction and complain that he shouldn't have been allowed to trade in leveraged products and incur significant losses. eToro explained that it was satisfied it had acted incorrectly in opening and operating the account. But, considering the information it now had about his circumstances, it would close the account.

Mr B referred the complaint to this service, but our investigator didn't think it should be upheld as he wasn't persuaded eToro had done anything wrong. He noted what Mr B had said about various activities he felt should've alerted eToro to a potential problem – such as large losses and frequent reversals of withdrawal requests – but he didn't think these alone were sufficient to have put eToro on notice that Mr B might have a problem. The investigator was satisfied eToro had acted reasonably in opening the account and providing appropriate warnings about the risks involved.

Mr B didn't accept the investigator's opinion and reiterated a number of points - that he felt eToro should've offered more support, carried out more regular checks to determine the source of invested funds and not offered promotions that encouraged further trading.

As no agreement could be reached, the 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.

I appreciate this must have been a very difficult experience for Mr B and I can understand why he feels eToro should've done more to prevent his trading leading him into financial difficulties. But having carefully considered the process that eToro adopted when opening the account and how it then went on to operate the account, I've not been persuaded that it did anything wrong. Although there may have been occasions where it *could* have done more, I don't think there was any requirement that it *should* have done.

When Mr B opened his account, he was taken through an appropriateness test with a series of questions to determine his knowledge and experience of this type of trading. As a result of his answers he was given a specific warning that CFD trading might not be appropriate for him, that it carried a very high level of risk and he was advised to consider training material to help his understanding.

Despite this warning, Mr B decided to proceed with the account. I've looked at what eToro

would've known of his wider circumstances at the time, in terms of his employment and how he proposed to fund his investment, and I don't think there was anything that should've prompted it to not let him go ahead and trade.

He was employed and had said he wanted to trade for short term returns, with a high-risk tolerance and with an amount of money that tallied with what he'd told eToro about his circumstances. He's mentioned that he feels eToro should have asked for documentation to support what he had told it or how he was managing to make large deposits to the account. But there was no requirement for it to do so. It was entitled to take the information he told it about his circumstances at face value.

Once the account was operating and Mr B had started to trade frequently, as an execution-only service there would've been very little opportunity for intervention. I appreciate Mr B feels that his volume of trading, size of losses and in particular the number of reversed withdrawals requests should've alerted eToro and prompted it to take action. But there's no requirement for it to have such mechanisms in place. In respect of the withdrawal requests, many were cancelled, but quite a large proportion did complete. So, I don't think there was anything on an ongoing basis that should've led to eToro intervening.

And once it was made aware of Mr B's situation, when he contacted it in October 2021, it immediately took steps to close the account so he could no longer trade. This is what I would expect it to have done and I've no reason to think that had it become aware of Mr B's circumstances sooner by way of a phone call or email, it wouldn't have done the same thing. I note Mr B had registered himself with GAMSTOP – the gambling self-exclusion scheme – but as eToro doesn't operate a gambling website or app this wouldn't have prevented Mr B trading with it. And, again, if it had been aware sooner of Mr B having done this, I think it would've acted.

In summary, I recognise that trading with eToro has worsened Mr B's gambling-related financial problems, but to uphold a complaint against it I would need to be satisfied it had acted incorrectly or unfairly in respect of its provision of its service to him. And while I understand Mr B will be very disappointed, I don't think the evidence supports such a finding.

### **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 B to accept or reject my decision before 26 January 2023.

James Harris  
**Ombudsman**