

The complaint

Mr G has complained that he was unable to trade when attempting to use an app offered by Plus500UK Ltd due to an error with it, and that this caused him a financial loss.

What happened

On 21 July 2022 Mr G placed two trades with Plus500 on contracts for differences (CFDs) for a put option on a particular stock with an expiry date in August 2022. The first of these positions closed on a margin call on 21 July, not long after it was placed, because there were insufficient funds in Mr G's account to keep it open.

In terms of the second position, later on 21 July, Mr G attempted to close it on a number of occasions via Plus500's app. However he was unable to do so, with the app displaying a message stating *"Error – The instrument is not available"*.

On 4 August the position was closed, again as a result of a margin call. Mr G complained to Plus500 that his loss on this trade was larger than would otherwise have been the case because its app had not allowed him to close it earlier.

Plus500 responded saying that its trading platform reflects the situation on the underlying market, and that when there is low demand and fewer transactions for an instrument are taking place in the real market, it may not receive price quotes from its providers. For this particular option, it said there had been low trading in the real market when Mr G had tried to close his CFD position. Plus500 stated that this had been why Mr G had been unable to trade via its app at the times that he'd tried to.

Plus500 also stated that in the lead-up to the expiry date, options with an *"irrelevant strike price"* – in other words, where the option price at the expiry date has become less attractive compared to the market price of the stock – will often cause the instrument to appear as unavailable to trade. Plus500 commented that market conditions are outside of its control. It confirmed that it did not consider its app or trading platform had been at fault when Mr G was unable to close his CFD position.

Unhappy with Plus500's stance, Mr G brought a complaint to this service. He reiterated his view that he had not been able to close his position due to an error with Plus500's app.

Our investigator did not uphold this complaint. He noted that Plus500's User Agreement included a term relating to times when volatility or illiquidity might mean that it's not possible to execute orders. He also highlighted wording in Plus500's Order Execution Policy stating that trading might be unavailable where there are low trading volumes. The investigator stated that Plus500 had provided a trading chart for the underlying option showing that there were low volumes of trading at the time Mr G was trying to close his position, and he also noted that there had been no sales of the option at this time.

The investigator concluded that circumstances applicable to the market for the option had resulted in Mr G not being able to close his position when he tried to. He did not consider

that Plus500 had acted unfairly. He also commented that the User Agreement highlighted that trading in CFDs carries a high level of risk.

Mr G did not agree with the investigator's findings, providing a number of screenshots from Plus500's app together with emails he had had with the business using its LiveChat facility. He said that he had been unable to close his CFD position at any time during trading, and commented that there was an error with the app. Mr G said that he had used the app for other trades without encountering any problems, but it would not allow him to close this particular trade.

The investigator's view of the complaint remained the same and Mr G asked that this case be passed to an ombudsman.

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.

The crux of this complaint relates to Mr G's assertion that he could not close his CFD position on Plus500's app because there was a fault with the app.

Plus500 has responded that its app was working properly, but that unfortunately Mr G experienced periods when he could not trade the CFD because of low trading volumes in the underlying market. It has commented that low trading volumes mean there are less opportunities to buy and sell. As Plus500's prices are based on prices it is provided by underlying exchanges, if these exchanges are not generating prices, its own platform will similarly not generate prices. This means that depending on the condition of the underlying market, there can be times that it is not possible on its app to execute a CFD order, in the same way that in the underlying market it may not be possible to buy/sell the particular asset.

Mr G has provided screenshots of the app, showing the message he received when he tried to close his position. Within the submissions made, Mr G has sent screenshots from 21 July at 6:37pm, 7:00pm, 8:33pm, 8:55pm, 9:17pm and 10:25pm, and at 10:05am on 22 July. The message states: *"Error – The instrument is not available"*. My understanding of Mr G's position is that he considers this error message indicated that the app itself was not working, and he does not accept Plus500's explanation that the message occurred because it was not possible to trade in the CFD at the times that he attempted to.

Plus500 has stated that whilst the CFD did experience periods when it was not possible to trade it on 21 July, there were opportunities to execute orders, and this explains why Mr G was able to place two trades that day, with one of these also being closed. It has provided the details of the trades made on its platform for this CFD over the period in question. It has also commented that because the share price of the underlying stock that the option related to increased on 21 July, this decreased the attractiveness of the put option. Plus500 has provided data showing how prices for the underlying option flattened as it moved towards its expiry date, and the stock moved away from the strike price.

I have thought carefully about Mr G's comments where he has said that he believes the app was not working when he tried to trade this CFD. But overall, based on the weight of evidence provided, my view is that the reason Mr G could not trade at the times that he wanted to was because low trading volumes in the underlying market meant that the CFD was unavailable to trade. I also consider that the wording of the error message Mr G was presented with in the app supports this conclusion. That's because the message said that the instrument itself was not available, rather than saying that the app was not available.

As the investigator commented, Plus500's User Agreement says that at times of illiquidity it might not be possible to execute orders, and its Order Execution Policy states that trading might be unavailable where there are low trading volumes. In my view, this is the situation which occurred here when Mr G tried to close his position. And I don't consider the difficulties Mr G faced were the result of an error made by Plus500. On balance my view is that this was simply a reflection of the conditions at certain times in the underlying market for the option.

I appreciate that Mr G is likely to be disappointed with my findings, and I am sorry to learn about the losses that he made on these trades. However, my conclusion is that Plus500 has not acted unfairly when providing its trading platform to Mr G for the CFD in question.

My final decision

My final decision is that I do not uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 1 May 2024.

John Swain
Ombudsman