

## **The complaint**

Mr V complains that IG Markets Limited ('IG') failed to fill his stop loss order at the price it should have, and so caused him a financial loss. Mr V wants compensation for financial loss and inconvenience.

## **What happened**

Mr V had a spread betting account provided by IG.

On 10 November 2022, Mr V open two positions on the US Tech 100, one long and one short. For both positions he set a stop loss order 25 points away from the opening price level.

At 1:30pm on the same day US inflation data was released which caused a spike in the price of the US Tech 100 market. In the minutes following, Mr V's long order was filled and his stop loss order for his short position was triggered. Both were filled at higher prices than Mr V had requested in his orders. And the stop loss order on the short position was filled at a higher price than the long order.

Mr V complained to IG that if it couldn't fill his stop loss order at the price he requested, then it should've filled it at the same price it gave him for his long order which was executed just prior to the stop loss order. He said if the lower price was available for his long order it should also have been available for the stop loss order on his short position.

IG didn't uphold Mr V's complaint. In summary it said the following:

- Mr V's complaint was about the slippage he experienced on his US Tech 100 trade, resulting in a loss of £353.70.
- IG's helpdesk had told Mr V that he'd placed a normal stop loss and his position experienced slippage due to market volatility following the release of US inflation data, but a guaranteed stop loss would've obliged IG to honour Mr V's stop loss level.
- On a sell position, the stop loss is triggered on the buy price because the holder of the position needs to buy to close the position.
- The spike in the US tech market caused the price of the US Tech 100 to move very quickly past Mr V's stop loss. This meant Mr V's stop loss wasn't automatically triggered.
- In this way Mr V's position was affected by slippage (meaning the price at which the order was executed didn't match the price at which it was requested).
- Slippage is part of trading (market risk) but can be mitigated through the use of guaranteed stops.
- In the event of slippage IG's dealing desk intervenes to fill the order at the best

available price in the market.

- When opening his account Mr V had confirmed he'd read, understood and accepted the spread betting customer agreement and the risk disclosure notice.
- The risk disclosure notice included that where non-guaranteed stops are used a fast-moving market might mean an order is filled significantly away from the stop level, and a guaranteed stop loss is available on certain contracts to mitigate that risk.
- The risk disclosure notice also included that a non-guaranteed stop loss wouldn't protect against '*gapping*'.
- The customer agreement included that IG didn't guarantee it would open or close a bet when an order was triggered, and nor did it guarantee that a bet that was opened or closed would be done so at the customer's specified size, level or limit.

Mr V referred his complaint to this service. In summary he said:

- IG should've closed his short order at the same level it had executed his long order at a slightly earlier point in time, instead of the significantly higher level at which it had closed his short position. That would've reduced Mr V's loss and would've meant IG had acted '*fairly and promptly*' which its agreement said it would do.
- IG said it had closed his short position at 13:32:37 but the time stamp in the order history report showed the order was closed at 13:30:43.
- IG charges a premium for a guaranteed stop loss. The fact IG offers a guaranteed stop loss means IG has the facility to operate a stop loss at the precise level requested, so it was unfair not to do so for a normal stop loss.
- IG said one reason Mr V's stop loss didn't work was that IG had to implement it manually, but it's not practical for a large firm like IG to operate manually.
- IG's guaranteed stop loss doesn't work during severe market fluctuations in any case.

One of our Investigators looked into Mr V's complaint. In summary she said IG hadn't done anything wrong. She said the following:

- IG had closed out Mr V's position as soon as it could, to prevent further loss and in line with Mr V's stop loss order. This was during a period of extreme volatility when the price moved against Mr V's position.
- IG's agreement and risk warnings to Mr V explained the risk that the stop loss wasn't guaranteed and so might not work as he hoped.
- The values on IG's platform corresponded with those of the wider market. That meant there was gapping in the market which IG couldn't avoid.

Mr V didn't agree with the Investigator's view.

IG further said the market price was volatile and wasn't moving consistently up on the ask price, but fluctuated during the overall steep upward movement. And the closure of the short order and the opening of the long order were executed at different times – approximately one minute apart – and therefore at different prices.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

### **My provisional decision**

I issued a provisional decision in which I said I was minded not to uphold Mr V's complaint. I said I'd consider any further information from Mr V or IG before making a final decision. IG accepted my provisional decision. Mr V didn't agree with the provisional decision. In summary Mr V made the following comments:

- Mr V was concerned with the price level of his orders, not the time they were executed. When IG had a price available, it should've offered it for both trades.
- If IG executes trades manually by different people, how can it safeguard the money of its many customers and ensure fair and equitable treatment to them?
- An investor with a larger investment was refunded his money after opening trades on the same day at a similar time because his investment was larger. IG refused Mr V's complaint because his investment was smaller.

### **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'm not upholding the complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

The fact Mr V's long order was filled at a different price from the stop loss order on his short position doesn't necessarily mean IG has treated him unfairly. IG said the price fluctuated and rose sharply. Having seen the underlying market data for this period, I accept that this was the case. IG also said the two trades were executed at different times – about a minute apart. Although Mr V has queried the precise time at which the two orders in question were executed, I think it's clear they were executed separately, and not at exactly the same time. And I think that reasonably explains why the prices were different.

Mr V has said he's concerned with the price level of his orders, not the time they were executed – and IG should make the same price available for different trades. But the time at which a trade is executed will affect what price is available for that trade.

Mr V said IG could've executed the stop loss on his short position at the time it executed his long order and then Mr V's loss would've been smaller. I understand his point here. But as I've said Mr V's orders weren't executed at the same time. Given the rapid movement in the market at the time, it's reasonable to expect separate orders will achieve different prices, even if they're made only a short time apart. And given IG said its dealing desk had to manually deal with the missed stop loss order, I don't think the timing of the execution was unreasonable.

Mr V has asked how IG can safeguard customers' money and treat customers fairly and equitably if its trades are executed manually by different people. My role here is not to

question IG's procedures in general, but to decide whether IG has treated Mr V fairly in the circumstances of his complaint. In these circumstances IG has followed its established procedures and I don't have a basis to say that was unfair simply because some trades were done manually rather than automatically.

IG's agreement and risk disclosure document made it clear situations like this might occur. So I think Mr V should've known he could lose out in this way during extreme market conditions. Mr V suggested it's unfair for IG not to honour ordinary stop loss orders if it has the ability to do so for guaranteed stop loss orders. I don't agree. By honouring a guaranteed stop loss order, IG commits to giving customers their specified prices. This doesn't mean the market itself will make those prices available. So honouring the guaranteed stop loss order is likely to come at a cost to IG in some circumstances. And so I don't think it's unfair for IG to charge a higher price for a guaranteed stop loss order. And as I've said IG makes clear to customers that an ordinary stop loss order might not succeed in some circumstances.

Mr V referred to another customer of IG who he said was given a refund by IG after complaining about events of the same day. My role here is to consider Mr V's complaint on its merits. I'm making a decision with reference to the specific circumstances of Mr V's complaint. I don't know the details of the complaint to which Mr V refers. But even if IG gave a refund to another customer in relation to events of the same day, I could still only uphold Mr V's complaint if I found IG had done something wrong in its execution of his trades. And I haven't found that.

Overall I can certainly understand Mr V's frustration at receiving a less favourable price on the stop loss order for his short position so soon after he'd had a long order filled at a better price. But I don't have a basis to conclude IG handled his ordinary stop loss order unfairly given the extreme market situation at the time. So I won't ask IG to do anything on this occasion.

### **My final decision**

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 25 June 2024.

Lucinda Puls  
**Ombudsman**