

The complaint

Mr P complains that Admiral Markets UK Ltd (“Admiral”) closed his open trading positions leaving him with a significant loss. He says this was caused because Admiral closed its passported Romanian operation and closed its local bank accounts. He says this meant bank transfers into his trading account took significantly longer and that Admiral lost the documents he supplied when he opened his trading account which evidenced the source of his funds. He says that the delay in Admiral receiving his money, and then its wrongful insistence that it needed evidence of source of funds, meant he couldn’t meet its margin call and his open positions were closed out.

He wants Admiral to either:

1. Return the money he’s lost, plus interest and compensation; or
2. Reinstate its 24-hour payment service, re-open his positions at today’s market and return an equivalent value of swaps and additional cash.

What happened

Mr P opened two execution-only contracts for difference (“CFD”) trading accounts with Admiral in 2015. His strategy was to maintain opposing positions in the accounts. He was resident in Romania and says he understood Admiral to have a full Romanian licence which enabled it to service large money transfers within 24 hours through local Romanian bank accounts. He says he provided the evidence needed for Admiral to fulfil its know your customer requirements.

In March 2022, Mr P needed to transfer a large sum of money into his account to meet a margin call. He says it was then that he became aware that Admiral had closed its passported Romanian operation and its local bank account. This meant that transfers which had taken less than 24 hours took three working days. He says he wasn’t made aware of the change and that Admiral did nothing to put in place a quicker alternative means of fund transfer for him.

He says that he was able to transfer the money via card payment and bank transfer. The bank transfer of €50,000 was received by Admiral on 21 March 2022, but not credited to his account. He says Admiral asked for tax declarations which were irrelevant in proving the source of funds; and that this proof had already been provided in 2015 but lost by Admiral.

Admiral said

- The deposits were significantly large and required documents to establish the source of funds before they could be credited to Mr P’s account. Admiral had requested documentation from Mr P.
- It was prohibited from maintaining an account in Romania and it informed its clients via a news announcement on its website in July 2019.
- It also told its clients about changes in its operating company due to Brexit and gave information about the options of choosing its other operating companies.

- On 22 March 2022, Mr P's account equity fell below 50% which led to the automatic closure of orders, as set out in the agreed terms and conditions.

In its final response letter dated 30 March 2022, Admiral offered to restore Mr P's orders at current market prices to help restore his account to the position it would have been in before the stop out. And that, if Mr P wanted to do this, it would discuss the difference in cost and come to an acceptable agreement. Mr P declined this offer but says two video calls were held to try to come to an agreement and during which a verbal offer was made to reopen the account at market prices without Mr P needing to pay anything, but a follow up letter didn't reflect that offer.

Our investigator didn't recommend that the complaint should be upheld. She said Mr P didn't provide the requested information to allow Admiral to satisfy Money Laundering regulations and that it was Mr P's responsibility to make sure he maintained enough funds in his account to cover the margin requirement for his trading positions.

Mr P didn't agree and didn't feel that his complaint points had been properly addressed. He said, in summary, that:

- The Financial Conduct Authority ("FCA") required Admiral to treat him at least equally to its UK customers and Admiral should have enabled him to make 24-hour bank transfers.
- The tax document Admiral said it asked for wouldn't have proven source of funds. He'd already provided this proof when he opened his accounts, but Admiral lost it.
- Admiral didn't tell him it had any money laundering concerns and he was reassured, the day before his positions were closed, that his bank transfer would be credited to his trading account.

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.

Firstly, I'm aware that I've summarised this complaint in far less detail than the parties and in my own words. In particular, Mr P has provided very detailed submissions and supporting information. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Secondly, Mr P has raised concerns about the way Admiral has conducted its business. The ombudsman service isn't the industry regulator. That means we don't set the rules for financial businesses or police the industry to make sure those rules are followed. And we don't have the power to fine or punish businesses. These are all issues dealt with by the regulator, the FCA. My role is instead to consider individual disputes and reach an outcome I think is fair and reasonable in the particular circumstances of each. I can see Mr P has raised his concerns with the FCA and the Romanian regulator and it will be for them to decide if they want to investigate his concerns further.

Mr P's open positions were closed because he didn't have enough margin in his account. But he says this was because he couldn't transfer the money quickly enough and that this was the fault of Admiral. I've considered the reasons he says the transfer of money was delayed.

The cessation of Romanian operations and closure of the Romanian bank account

Mr P says that he opened accounts with Admiral because it had bank accounts in Romania and operated a call centre there. I find his agreement was with Admiral in the UK, but that Mr P was able to communicate with staff in his locality and was able to easily transfer money into his account by making a transfer to Admiral account held in Romania. And I can see this was one of the reasons he wanted to open accounts with Admiral. But I don't find there was any guarantee, promise or obligation that Admiral would continue to offer its service in this way. Its terms explain that:

"We may provide one or more of our services in other EU countries on a cross-border basis (known as "passporting") in accordance with the EU Directive on Markets in Financial Instruments (known as "MIFID"), as amended or replaced from time to time. If we provide client services in other EU countries with the establishment of a local branch, we will be required to comply with some of the rules of conduct governing such services under the relevant local regulatory regime, under the supervision of the national financial regulator. The list of EU countries in which we are authorised to provide client services on a cross-border basis is available upon request. If the United Kingdom shall leave the European Union, services will be provided in accordance with such applicable rules as may replace MIFID". (1.3)

But the terms go on to explain that its service may change. They say:

"We reserve the right to modify, suspend or discontinue, temporarily or permanently, all or any of our dealing services (in whole or in part) with or without notice. You agree that we will not be responsible or liable to you or to any third party (for whom you may be acting) for any modification, suspension or discontinuance of any of our dealing services." (2.7)

Admiral has explained that regulatory requirements in Romania changed and that, from 1 August 2019, it withdrew its Romanian service, including closing its bank accounts. Businesses continually review their commercial offerings, particularly in the light of regulatory changes. In this case I'm satisfied that, following legal advice, Admiral concluded it wasn't able to maintain its accounts in Romania and that there was no contractual obligation on it to do so.

Mr P was affected by this change in the way Admiral operated, and I would expect Admiral to have communicated the change to him.

On 31 July 2019, the day before the service stopped, Admiral posted a news item on its website saying:

"Due to recent developments and aspects external to Admiral Markets' activity, bank transfer deposits will be affected for customers who wish to make bank transfer deposits through banks in Romania.

Please note that this information only refers to deposits made by bank transfer starting from August 1, 2019.

You can find alternative solutions regarding bank transfer deposits in the Trader's Office.

Thank you for choosing to trade with Admiral Markets and we will get back to you with further information on this as soon as possible."

I think it would have been helpful for Admiral to contact Mr P personally in advance of the change, because it meant he would have to communicate direct with Admiral in the UK in future and that he could no longer transfer money to Admiral's account in Romania. I don't find Admiral communicated personally with Mr P about this until November 2019. In an email dated 26 November 2019, Admiral told Mr P how he could continue to make transfers into his trading accounts and the following day the change was discussed during a phone call. Admiral has provided a transcript of the call and I don't find Mr P seemed unduly worried about the change; he was more concerned with Admiral's margin requirements. And in December 2019 Mr P made two deposits of €40,000 each, so I find he was aware of how to complete bank transfers following the closure of Admiral's Romanian account and how long those transfers would generally take.

Mr P says he wouldn't have opened any new positions and would have gradually closed his accounts if he'd known about the change. But I've found he *did* know about the change – at least by December 2019 - so he had time to wind down his accounts, if that's what he wanted to do, before his positions were closed in March 2022.

Mr P says Admiral failed to provide the agreed service as required by the FCA and local regulators. And that Admiral was under an obligation to create arrangements to provide an equality of service for EU and UK clients.

Following Brexit, FCA required firms to take steps to continue to service customers in the EEA or, if firms decided to stop servicing customers in the EEA, it expected them to communicate in good time with its customers and support them in finding alternative providers. Admiral did not discontinue its dealing service and Mr P's accounts remained open. Whilst there were some changes – Mr P was now required to communicate with Admiral in the UK rather than in Romania, and he couldn't transfer money to Admiral's Romanian bank account – I'm satisfied that there was a continuity of service.

Mr P was made aware how to make bank transfers in future. He says Admiral should have offered alternative methods to ensure a quicker transfer time. For example, by allowing a broker-to-broker cash transfer service, increasing the €15,000 daily transfer limit for card payments, allowing him to transfer money to any Admiral branch in Europe, or offering an emergency bridging loan. But this was a commercial decision for Admiral to make and it's not my role to determine how it exercised its commercial judgement. I'm satisfied Admiral made Mr P aware of how he could transfer money into his accounts after the closure of its Romanian bank accounts, and I'm satisfied that Mr P was reasonably aware that, if he chose to transfer money by bank transfer, that transfer would take three working days. I don't find Admiral was under any obligation to provide a same day transfer service – it was contracted to provide dealing services, not banking services. And Mr P had time to wind down his accounts before the events that occurred in March 2022 which he complains about if he wasn't happy with the time it was taking to transfer money into his accounts.

Mr P says Admiral reintroduced 24-hour bank transfers in 2023. But I don't find this makes any difference to my overall conclusion here – this was a commercial decision by Admiral, and it doesn't follow that something available in 2023 should have been available in previous years.

Anti-Money Laundering (“AML”) checks

In March 2022 when Mr P completed a bank transfer for €50,000, the payment reached Admiral but wasn't credited to his account because Admiral said it required evidence to prove the origin of the money and tax declarations until 2020. The evidence wasn't received so Admiral returned the payment. This meant Mr P didn't meet the required margin call and

Admiral closed his open positions. Mr P has raised extensive arguments about Admiral's checks and requests for evidence. I've considered everything he's said and will comment on the key points that he's made.

Mr P says CFD dealers do not, and Admiral should not have, stopped incoming funds unless there is a high risk of terrorism, extreme transactions are observed, or the country or customer is on an embargo list. I don't agree. I fully understand the importance of funding a CFD account in a timely manner, and the repercussions of not doing so. But Admiral must comply with anti-money laundering regulations. By accepting payments and asking questions later, it could be in breach of those regulations and aid further money laundering.

Admiral is required to take a risk-based approach to money laundering and put appropriate measures in place. And these measures and checks reasonably change over time due to changes in regulations or changes in circumstances. For example, following Brexit, I don't find it unreasonable that transactions from Europe into the UK required different checks than when the UK was a member of the EEA. And that the perceived risk of a transaction – and therefore the need for a higher level of checks – would vary depending on the method of transfer and the amount. It follows that the flags and checks in place in 2022 were reasonably not the same as those required in 2015.

Furthermore, businesses are required to conduct ongoing monitoring of a business relationship. So, whilst Mr P feels he provided enough evidence in 2015 when he opened the accounts, it's likely Admiral would want – in line with a risk-based approach – to revisit and update this evidence on an on-going basis.

Mr P says he had provided evidence of his source of funds in 2015 but that Admiral lost it, probably when it closed its Romanian office. I don't find that to be the case. In 2015, Mr P told Admiral that the money used to fund his account came from his salary and another CFD trading account.

He later said his funds also came from income from abroad and previous withdrawals from his Admiral accounts.

He provided some evidence of source of funds, which was presumably enough for Admiral to open the account. But, on an on-going basis, I can see that Admiral reviewed the evidence and asked for proof of income in 2018 and 2020. It also wanted to see Mr P's tax declarations to evidence his receipt of income from abroad and to check that withdrawals from his accounts were accounted for. I don't find this to be unreasonable.

The failure of Mr P to provide the evidence Admiral requested was another factor in it wanting to review the €50,000 deposit – and needing evidence of the source of those funds because its previous requests hadn't been satisfied.

The margin call and closure of Mr P's open positions

Unfortunately Admiral told Mr P it had received his 50,000 euro transfer on 21 March 2022 and that it would be credited to his account. The member of staff who gave Mr P that information didn't realise the payment would be withheld until money laundering checks were completed. Whilst I appreciate this conversation falsely reassured Mr P that his positions wouldn't be closed, I can't reasonably conclude that his positions shouldn't have been closed because he wasn't told his payment might not reach his account in time. I say this because there was insufficient credit in his account and the positions were closed in line with the agreed terms and conditions. And if Admiral hadn't closed the positions when it did, Mr P's losses may have been greater.

Admiral's communication after Mr P's complaint

Following its final response letter, two video calls took place. This was in an attempt to come to an amicable agreement in response to what had happened. Mr P says that during one of the meetings an offer was made to reinstate his positions, at no cost to him. Whilst I can't say with any certainty exactly what was discussed during these meetings, I think it unlikely that Admiral would have made such a generous offer when it had already made it clear to Mr P that it didn't think it had done anything wrong. What is clear is that no agreement was reached between the parties which is why the complaint was referred to us.

Overall, for the reasons I've explained, I find that Admiral acted in line with the agreed terms and conditions and its regulatory obligations and that it didn't treat Mr P unreasonably or unfairly.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 May 2024.

Elizabeth Dawes
Ombudsman