

The complaint

Mrs R is unhappy that Trading 212 UK Limited closed her trading account, causing her financial loss as well as a great deal of upset and frustrating her investment plans.

Mrs R wants financial compensation to put things right.

What happened

On 13 September 2022, Mrs R contacted Trading 212 via its automated 'chat bot' function when she was unable to log in to her account. She was asked to supply a photo of her ID document along with a selfie of her holding that same document so that her query could be passed on to a call handler.

The information Mrs R then provided however related to someone else, not Mrs R herself – and when she was put through to a call handler, the name and account number she provided related to that same third party.

When Mrs R supplied another account holder's private account details and personal information, this caused Trading 212 to be concerned as it appeared that confidential information relating to one or more account holders was not secure.

Trading 212 sent a message to Mrs R and asked her to provide certain information to validate her identity. Mrs R was told that she wouldn't be able to open positions or deposit with cards until the matter was resolved and warned that failure to provide the requested information within three days would result in closure of her Trading 212 account.

Mrs R spoke to a call handler at Trading 212 the next day as she didn't understand why she was being asked to provide her personal information and bank details. She said her account '*...was ok*' but as the third party's account was locked she had used '*...my account for chat*'.

On 19 September 2022, Trading 212 told Mrs R it was terminating their relationship with immediate effect and that any open positions would be closed according to the relevant market price and any funds on the account returned.

When Mrs R complained, Trading 212 told her that when it discovered that she was operating her personal account and a third-party account as well, in direct breach of the Business Agreement she had signed with Trading 212, it made the business decision to terminate her trading account.

One of our investigators looked at Mrs R's complaint but didn't feel that Trading 212 had done anything wrong or acted unfairly by closing her account.

Mrs R remained dissatisfied and asked for an ombudsman referral, so the matter comes to me for a final decision.

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've carried out an independent review and having done so, I've reached the same conclusion as our investigator. I'll explain my approach and how I've reached my decision.

My role is to consider the evidence presented by both parties and reach an independent, fair and reasonable decision based on the facts of the case. I will take into account the relevant law, regulatory requirements and best industry practice when deciding if Trading 212 has done anything wrong or acted unfairly or unreasonably.

The background facts aren't in dispute. Confidential account details belonging to a third party, who also had an account on Trading 212's platform, were provided using Mrs R's account.

Relevant terms and conditions that applied to Mrs R's account with Trading 212 include the following:

'You acknowledge that you are not permitted to open and/or operate an Account with us on a third party's behalf, regardless of your legal relations...We reserve the right to unilaterally close any such account that we become aware of, and we shall not be liable for any losses, damages, costs, or expenses arising from our actions under this clause.'

I've taken into account that Mrs R didn't think she was doing anything wrong when her account was used to contact Trading 212 when the third party couldn't access their account. But it makes no difference, because using or allowing her account to be used this way was expressly prohibited under the terms and conditions she'd signed up to in order to be able to trade using her Trading 212 account. So I can't fairly say that Trading 212 did anything wrong when it decided to close Mrs R's account in line with the terms of the agreement she had with Trading 212.

Mrs R was still entitled to expect Trading 212 to act in a fair and reasonable way and I've thought about this carefully. I have kept in mind that Mrs R told us she'd invested her life savings through her Trading 212 account and when the account was closed, against her wishes, investments were sold at a loss. So, I can appreciate that Trading 212's actions had a big impact on her.

But I don't find that Trading 212 acted unfairly or unreasonably when it closed Mrs R's account. It's completely understandable why Trading 212 was concerned when it looked like both the third party and Mrs R had access to confidential information about each other's account that shouldn't have been shared. This was further borne out by the fact that when checking their account histories, Trading 212 was able to see that the same two devices had been used to access and operate both accounts – further suggesting breaches of account security. I've kept in mind that there was never any need for the third party to have access to Mrs R's account. Not being able to log in to their own account wouldn't have prevented the third party contacting Trading 212 some other way, by email for instance or phone, which would have avoided the security issues that arose here.

Trading 212 has to meet regulatory requirements set by the Financial Conduct Authority (FCA). And having terms and conditions that say only the account holder can access and operate their own account helps keep accounts safe as allowing third-party access risks the possibility of unauthorised transactions and fraud. So I'm satisfied that Trading 212 did have a fair reason for deciding to close Mrs R's account.

In these circumstances, I am satisfied that Trading 212 acted reasonably when it decided to restrict Mrs R's account and ask for verification information whilst it investigated matters and ultimately when it closed her account.

To sum up, I haven't seen enough to show that Trading 212 made any error or that it treated Mrs R in a way that wasn't fair and reasonable. So I can't uphold her complaint.

I appreciate that my decision will be disappointing for Mrs R but I hope that setting things out as I've done helps to explain how I've reached my conclusions.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 13 November 2023.

Susan Webb
Ombudsman