

The complaint

Miss N complained about Plus500UK Ltd, trading as Plus500. She said Plus500 didn't provide her with clear enough information about its services. She said this led to her opening a trading account without clearly being informed of the risks and she subsequently lost money. She thinks Plus500 should compensate her for this.

What happened

Miss N had a contracts for difference (CFD) trading account with Plus500. She said when she opened the account, the terms and conditions provided to her was complex. She said English isn't her first language, and she struggled to understand what was given to her to read, and this, she said, led to her not understanding the product. Miss N said she was not aware of how leverage worked, as she was new to this investment area. She said had she known about the risks involved with taking on leverage, she would not have accepted a trading account with Plus500.

Miss N said she is now in debt because of the losses she made on her account, and this has affected her mental health. She would like Plus500 to consider that she was inexperienced and wants it to refund the losses she made.

Plus500 said in response that it runs its services on an execution only basis. It said it looks to ensure that its new clients either have sufficient knowledge of trading in CFDs or acknowledge they understand the risks involved. It said additionally any potentially new client needs to agree to its terms and conditions provided within a user agreement.

Plus500 said it assessed Miss N's application and did not initially consider an account to be appropriate for her. It said because of this assessment, it issued a clear risk warning and disclaimer to Miss N. It said nonetheless Miss N asked to proceed regardless of its warning, and it decided to allow her to open an account. It said it made this decision as, although it had assessed a trading account was not appropriate for her, it could see had savings and regular income, and she had acknowledged the risk warning that it had issued.

Plus500 said Miss N traded and lost a total of £11,890.47. It said this did not exceed her declared savings and so the way she managed her account did not cause it any concerns. It said for other reasons her account was eventually restricted and then latterly closed.

Plus500 said Miss N was not obliged to proceed with her application for an account if she had any concerns about its terms and conditions or if she didn't understand anything. It didn't agree with Miss N that it should pay any compensation and didn't think it had done anything wrong.

Miss N was not happy with Plus500UK's response and referred her complaint to our service.

An investigator looked into Miss N's complaint. He said Plus500 had assessed the account wasn't appropriate for Miss N but after a warning, she decided to continue anyway.

The investigator said the risks were clearly explained on the first page of the user agreement and several places on Plus500's website. He said he appreciated English wasn't Miss N's first language and that she might not have fully understood everything contained within the user agreement, but he was satisfied from the warnings given alone, Miss N would've received enough information about the risks involved. He said there was nothing within the documentation that shows Miss N notified Plus500 that English was not her first language. He said she could've clarified anything she was unsure of with it. He didn't uphold Miss N's complaint.

Miss N is not in agreement with the investigator's view. Miss N's complaint has been passed to me, an ombudsman, to look into.

Miss N contacted our service in 2020 and complained about the appropriateness of her account and that Plus500 shouldn't have let her open one. I can see that her complaint was investigated and not upheld, then closed. Miss N contacted our service again about this, but because she didn't do this until several months had passed, a decision was made by our service not to reopen her complaint.

I can see that Miss N's complaint this time, is about whether she was given clear enough information about the trading account that she opened with Plus500. She said English wasn't her first language and that she didn't understand what she was signing up for. I think this is the crux of her complaint on this occasion and so I have focussed on looking into this. And although, I am mindful that her complaint about whether the account was appropriate for her, has been investigated already and closed, I have taken into consideration what happened overall when she applied for her trading account. This is so I can consider whether Miss N received clear enough information about the trading account, and whether Plus500 treated her fairly or not, in all the circumstances of her complaint.

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 have independently reviewed Miss N's complaint and have arrived at the same outcome as the investigator, for broadly the same reasons. I will explain why.

Miss N said she was not able to understand the documentation provided to her as it was complex. She said this was a new investment area and she did not know or understand leverage. She said if she was provided with clearer information about this and the risks involved, she would not have accepted an account.

I have thought about what Miss N has said here. I have sympathy with her as I can see she has made losses on her trading account, and she has said this has resulted in her incurring debt that has in turn, affected her mental health. I am sorry to hear that she has had a difficult time.

I am though satisfied that she received enough information about her trading account and the risks involved with trading in CFD's before and during the application process for it. I have drawn this conclusion after considering what happened before and during the application process Miss N went through, to open a trading account with Plus500.

Miss N has previously told our service that she spent some time using Plus500's demo account, and that she had made profit from her positions during her time doing this. I think, on balance, Miss N would have been able to familiarise herself with how trading in CFD's

would have worked, how leverage worked and how to make trades before she committed to applying for a live account.

On the back of successfully navigating its demo account, Miss N applied for a live one. She completed an appropriateness assessment and after doing this, Plus500, based on the answers she gave, decided that a live trading account wasn't appropriate for her at that time. So, it gave Miss N a disclaimer explaining the risks involved and said the account was not appropriate for her in her circumstances. It asked Miss N to sign the following disclaimer:

"I acknowledge your warning that a CFD account is not appropriate for me. However, I wish to proceed with my application, and I understand the risks associated with CFD trading. I am aware of your demo account and the information on risk on your website."

Miss N decided she wanted to proceed anyway and so agreed to open an account after confirming that she had read the disclaimer. I think when I consider this, and what I have just found about Miss N's use of the demo account, I don't think I can fairly conclude she wouldn't have been given clear information by Plus500 about the risks involved with CFD trading. Rather, on being told about the risks involved and on being told the account was not for her, she went ahead and decided to open an account anyway.

After confirming she wanted to proceed, Miss N would also have been required to accept the terms provided in the user agreement, including that she had read them. I can see that Plus500 highlighted within the user agreement document the risks involved in trading. On the first page of the user agreement in a box and highlighted it says:

"Trading in contracts for differences and use of the trading platform (which allows high leverage investments in CFDs) carries a high level of risk to your investment."

As well as providing this warning, Plus500, supplied her with the user agreement, a separate risk disclosure document, where it explained leverage and the magnifying nature of losses associated with CFDs. Plus500 also highlight in several places the risks involved in CFD trading on its website. So, after seeing all of this, I am satisfied on this occasion that Miss N would have been given clear information by Plus500 about the risks involved in trading and was given some information about how trading works.

Miss N said English is not her first language and that the documentation that Plus500 provided was too complex. She said if it had been clearer with her then she wouldn't have proceeded with her account. I acknowledge what Miss N is saying here, but I haven't seen anything within the documentation that shows Miss N mentioned this to Plus500 during the application process, to give it an opportunity to provide information in her first language, if she required that. Or that it could be given the opportunity to clarify or explain anything she was unsure of.

Instead, I can see Miss N was able to operate the demo account for a period, then sign up to receive a live account. I can see she then agreed to proceed with an account after being given a disclaimer about the risks involved, and then signed up for it agreeing to the user agreement. I think on seeing this, I am satisfied that in the circumstances of her complaint, that Plus500 have given Miss N clear information about the risks involved in trading CFDs on this occasion. I conclude Plus500 haven't treated Miss N unfairly here and so I won't be asking it to do anything to do anything further.

I appreciate that my decision will be disappointing for Miss N, and I empathise with her as I appreciate the losses she has made on this account has caused her difficulties, but I can't conclude that this is because Plus500 has made any mistakes or treated her unfairly. So, it

follows, based on everything I have read and the findings I have given, that I don't uphold her complaint.

My final decision

My final decision is that I do not uphold Miss N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 28 May 2024.

Mark Richardson
Ombudsman