

The complaint

Mr L complains that Spreadex Limited failed to safeguard him against problem gambling. He's also raised some more specific concerns about having to commit additional funds to place bets and accruing debt despite having a credit facility available to him.

What happened

Mr L opened an account with Spreadex in 2005 and over the next 17 years, until 2022, regularly placed large volumes of sports spread bets.

In July 2022 he complained to Spreadex, explaining that he had a gambling problem. He felt it should've been aware of this as over the years he'd frequently been unable to pay debts, gambled in a manner typical to addicts, and committed funds to his account in excess of the amounts he'd declared to Spreadex for his income and savings.

The receipt of Mr L's complaint and his comments about a gambling problem prompted Spreadex to change his account to an 'inactive' status, preventing him from placing any further bets. But it didn't uphold his complaint. In brief, it said that the receipt of the complaint had been the first point at which it had reason to be concerned with his account activity. And in all other respects it was satisfied it had administered the account correctly. It pointed out that the provision of a credit facility didn't prevent a debt being accrued on the account and, further, that its terms made clear that sole responsibility for the placing and managing individual bets sat with Mr L.

He referred his complaint to this service, but our investigator reached broadly the same conclusions as Spreadex. She said, in brief:

- The evidence showed that the first time Mr L informed Spreadex of any gambling problem was July 2022. Prior to this it had been unaware of any issue. And it had then acted appropriately in restricting the account.
- Mr L had said that Spreadex should've been aware of his gambling issues because he'd been slow to pay outstanding balances on his account. But the investigator noted that he'd nevertheless always settled these amounts, so she didn't feel that Spreadex should've suspected that the delays in payment were a sign of a gambling addiction or financial difficulties.
- Mr L had also said that Spreadex should've been aware of his gambling issues due to his patterns of betting. But while the investigator could see that Mr L had clearly placed a high volume of bets over an extended period, she didn't consider this was sufficient to have put Spreadex on notice of a problem.
- Although Spreadex hadn't sought verification of Mr L's declared income or assets, the investigator noted there'd been no requirement for it to do so.
- Regarding Mr L's concerns that Spreadex had failed to support him in gambling responsibly, the investigator highlighted the risk warnings provided on its website, which linked to a gambling charity and encouraged customers to consider their betting habits.
- Mr L had also been concerned that despite having funds available on his account Spreadex had requested additional money to accept bets. He felt this was a violation

of its terms, which said it wasn't obliged to assess the suitability of bets. The investigator noted that on the day in question Mr L had placed many bets. The terms said that the available account balance was calculated as the cash balance plus any profit and minus any loss on open bets, plus any credit limit. The terms also said that as the profits and/or losses on bets were likely to be in a state of constant fluctuation it was for the account holder to monitor the account to maintain a positive figure. The investigator noted that on the day in question the 'profits and/or losses' were in a 'state of constant fluctuation', which was why Mr L was asked to add money, despite his available balance. She didn't consider that requesting the money was a violation of the terms, nor that it represented a suitability or appropriateness check.

- Regarding Mr L's concern that he shouldn't have been able to incur debts higher than his credit limit of £1,500 the investigator noted that Spreadex's terms said, "Your financial liability to us may exceed the level of the credit or other limit on your Account."

Mr L didn't accept the investigator's view. He remained of the view that his behaviour should've alerted Spreadex to his gambling addiction, reiterating that he consistently delayed repaying debts on his account and noting Spreadex's acceptance, without any supporting evidence, of the inaccurate information he provided about his income and assets.

He also drew attention to an email he'd received from Spreadex in May 2023 asking for financial information, which indicated his account wasn't actually inactive. He said this was very distressing and showed the difficulties faced by people with gambling problems in trying to close their accounts.

Despite Mr L's further submissions, the investigator wasn't persuaded to change her opinion, so the matter's been referred to me to review.

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 purpose of my decision isn't to address every point raised. If there's something I don't mention, it isn't because I've ignored it. Rather, I'm satisfied I don't need to comment on every individual argument to reach what I think is the right outcome. No discourtesy is intended, our rules allow me to do this, and it simply reflects the informal nature of this service as a free alternative to the courts. I'll focus on the key issues here, which are whether Spreadex should've done more to identify Mr L's gambling problems and whether his account was administered correctly.

My role is to consider the evidence presented by Mr L and Spreadex to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation, and best industry practice. Where there's conflicting information about what happened and gaps in what we know, I must weigh up the evidence we do have and decide, what, on balance, is more likely than not to have happened.

With all this in mind, while I appreciate Mr L will be disappointed, I find I've come to the same conclusions as the investigator and for broadly the same reasons. I'll explain why.

Mr L's primary concern is with what he feels was Spreadex's failure to recognise and act upon his problems with gambling. I understand why he feels this way, but I've not seen anything that persuades me that Spreadex should've done anything differently. I'm satisfied Mr L's gambling issues weren't communicated to Spreadex until the point at which he made

his complaint. And, as noted, at that point it took the steps I would've expected it to have taken in light of such information – that is, to restrict his account. I've not seen that there was any earlier correspondence that should've prompted Spreadex to do this.

Mr L feels that the frequent late payment of outstanding balances on his account should've acted as a red flag, indicating there was some sort of issue. He's provided copies of the content of emails, dating back to 2014, with the most recent coming in 2018, that document these delays in payment. But while I can see the issue occurred relatively frequently in 2014 and 2015, there are far fewer examples in later years. And ultimately it seems payment was always made within a timeframe acceptable to Spreadex. Given the length of time for which Mr L was operating his account and the volume of activity, I don't think that what really amounted to occasional delays in payment would, or should, have been something that prompted Spreadex to act.

I think the same applies to his account activity in general. Clearly there was a high volume of bets being placed and at a variety of times. But, again, I don't think this was sufficiently unusual to have given Spreadex cause to question the activity. As has been noted, this was an execution-only service and Mr L was responsible for what bets were placed and when. With regard to the information provided about his income and savings, it seems the deposits to the account were broadly in line with it. And in any event, there was no requirement that Spreadex seek verification of the information – it was entitled to rely upon it unless it had good reason to think it was incorrect. And I've not seen that was the case.

In respect of the more administrative concerns, I'm also not persuaded Spreadex acted incorrectly. The provision of a credit facility didn't act in any way to prevent debts being accrued on the account. The terms made that clear and I've not seen that there was any other information provided that would've given that impression that a credit limit would work in that way. And the same applied to the issue of funding the account. It always remained Mr L's responsibility to manage his balance.

All this said, I do have sympathy with Mr L's situation and appreciate his strength of feeling about what mechanisms he feels should be in place and the type of support that should be offered to people in similar circumstances. But I nevertheless find I'm unable to identify any error or unreasonable behaviour on the part of Spreadex in the operation of his account.

I note some additional comments Mr L's made regarding an email he received from Spreadex in May 2023 explaining that he would be asked for up to date financial information when he next logged on to his account. I can appreciate that, given his circumstances and the information he'd provided to Spreadex in July 2022 about his gambling when he made his complaint, receipt of such an email might create concern. But I'm satisfied it was no more than a generic update email sent to all customers and received by Mr L because his account, while having been made 'inactive' in response to his July 2022 concerns, still had an outstanding balance.

I understand his point about ongoing correspondence being difficult for people in his position. But in the specific circumstances I don't think it was unreasonable that the email was sent. While I recognise the issue that ongoing correspondence could create for people in Mr L's position, it didn't actively encourage use of the account - albeit Mr L's account was inactive in any event.

My final decision

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or

reject my decision before 23 April 2024.

James Harris
Ombudsman