

## **The complaint**

Miss D complains that StoneX Financial Ltd (trading as Forex.com) didn't facilitate the automatic hedging option that should've been enabled on certain Contract for Differences (CFD) trades she had. This caused her a financial loss.

## **What happened**

In October 2022 Miss D had 6 long contracts on the XAU/USD market. When she tried to open some short positions, her existing contracts were closed, realising a loss.

Mrs D complained. She said she had enabled automatic hedging on her trades, as she always did, and said her trading behaviour clearly supported what she said. She also said that there were other trades that were affected by the error on StoneX's platform, and she had received a refund and a reinstatement of those trades, so she wanted the same for her XAU/USD trades.

StoneX looked into her complaint and initially didn't agree it had done anything wrong. However, after considering the matter again, it concluded that something had likely gone wrong with its system and offered Miss D the losses on both long and short XAU/USD, as well as an additional £50 compensation for the distress and inconvenience it caused. However, it didn't agree to reinstate her trades because it said that if it did, it would've needed to reinstate both trades – not just the profitable one.

Miss D agreed to accept the compensation but ultimately didn't agree it was fair not have reinstated her trades. As StoneX didn't think it was fair to amend its offer, she referred her complaint to this service. One of our investigators looked into her complaint, and explained that she agreed with StoneX that it wouldn't be fair to only reinstate one of the two hedge trades – both needed to be reinstated. And if that happened, Miss D would be worse off financially. However, she didn't think £50 was sufficient compensation for the issues Miss D experienced and awarded an additional £150.

StoneX agreed with the investigator, but Miss D didn't. In summary, she didn't think £150 was enough compensation considering the loss of profit she was claiming was over £1,000. She said StoneX should've been consistent and offered her the same remedy as it had on her other trades affected by the error, and not changed the remedy simply because it was more beneficial for it. She said that the offer of reinstating both trades didn't take into account the fact that her trading history showed she would've closed the non-profitable traded and kept the other one open – and therefore overall she would've made a significant profit.

As agreement couldn't be reached, the case was passed to me to decide.

## **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 crux of Miss D's disagreement with the investigator is that she believes her trades ought to have been reinstated in line with some other trades where a similar problem occurred. If this had happened at the time, she would've been able to close the non-profitable trade and keep the other one open, and overall this would've meant a significant profit for her. She's also said that £150 is not enough compensation for the distress and inconvenience she was caused – this was so pronounced that she didn't dare make any additional trades on the platform for a while.

I can't comment on how StoneX put right the matter on the other trades – I've not seen that evidence. All I can look at is how StoneX put the matter right for Miss D in this case, bearing in mind that there may well be more than one way of putting a consumer back in the position they would've been in but for the error.

In this case, Miss D's attempts to hedge her long XAU/USD contracts were a week apart – and from the evidence I've seen, Miss D didn't reopen her long XAU/USD contract when she saw it hadn't been hedged on 1 November 2022 or on 8 November 2022. And as the investigator has said, it's clear that Miss D was intending on having 6 long and 6 short contracts on the XAU/USD market, and I'm not persuaded I have sufficient evidence to be able to conclude, on balance, when she would've closed one or the other at a specific point in time.

If Miss D had, for example, opened her long contract again when she saw it had been incorrectly closed, I would've had evidence of her intentions at the time – but that's not what happened. I accept that she may have thought StoneX would apply the same remedy as in the GBP/CHF case, and was simply waiting for it to do that – but at some point between November 2022 when the incident happened, and January 2023 when she received its response, it would've been apparent to her that StoneX wasn't going to reinstate her trades – and the market was quickly moving.

And so if I were to recommend StoneX reinstate Miss D's trades, I'd adopt the same approach of asking it to reinstate both long and short positions – which as the investigator and StoneX have already explained, would leave Miss D financially worse off.

Instead I consider StoneX's original remedy in its final response letter to be fair and reasonable – by refunding Miss D's losses on both trades, it has put her back in the position she would've been in had she never placed any of the relevant trades. This means she is no worse off financially.

I do agree that the matter, and other issues to do with the platform, have clearly caused Miss D distress and inconvenience – and I accept that these issues may well have affected how she traded on StoneX's platform. I acknowledge Miss D believes that ought to attract more than £150 compensation (£200 in reality when taking into account StoneX's original payment of £50 for these issues), but in my view this amount is fair and reasonable and I see no reason to increase it. Whilst the issues Miss D experienced did affect her account, and lead to some losses (which have already been compensated), there were no lasting issues on her account or her ability to trade.

Furthermore, she was offered a refund of the losses in a short period of time, which meant that the matter was not protracted. Taking all that into account, I'm satisfied £150 compensation, when combined with the £50 originally offered, is fair and reasonable.

### **Putting things right**

StoneX Financial Ltd (trading as Forex.com) must pay Miss D £150 for the distress and inconvenience its actions have caused her.

### **My final decision**

My final decision is that I partly uphold Miss D's complaint. StoneX Financial Ltd (trading as Forex.com) must pay the compensation I've outlined above within 28 days of when we tell it she has accepted this final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 22 April 2024.

Alessandro Pulzone  
**Ombudsman**