DRN-4346787

The complaint

Mr J complains that Sporting Index Limited ('Sporting Index') voided bets he made in his Sporting Index account.

What happened

Mr J had a spread betting account provided by Sporting Index.

On 10 September 2022 he placed a trade to buy £150 of *'Biggest Winning Margin of NFL week 1'* at a price of 16. The price quoted was 14-16. The bet predicted the biggest winning margin across 13 games that would be played in week 1 of the NFL American football competition.

The final result was that the market '*made up*' at 23. That was because one of the games finished with a score of 44 versus 21 which yielded a winning margin of 23. So Mr J expected a 7 point profit on his bet (23 minus 16). He expected that would amount to a payment of £1,050 from Sporting Index.

The profit Mr J expected didn't appear in his account. He contacted Sporting Index. And Sporting Index said it had voided the bet. Mr J told us Sporting Index first said it had voided the bet because it was made on '*stale lines*' which should've timed out by the time Mr J placed his bet. But Sporting Index later said it had voided the bet due to a manifest pricing error.

Mr J complained to Sporting Index. He said the bet shouldn't have been voided and Sporting Index hadn't acted in line with section 6.4.4b of its account operating rules which said Sporting Index would inform Mr J as soon as reasonably practicable after it voided a bet due to a manifest pricing error.

Sporting Index didn't uphold Mr J's complaint. In summary it said the following:

- The price Mr J had bet on was more than two times the normal spread expected for the relevant market. So it was a '*manifest pricing error*' as defined in part 6.4.3 of Sporting Index's account operating rules.
- Sporting Index voided the bet in line with its operating rules at part 6.4.4.
- Sporting Index had offered Mr J £200 as an apology but he'd declined because he thought Sporting Index had taken too long to tell him about the error.

Mr J referred his complaint to this service. In summary he put forward the following points:

- He placed the bet 23 hours before the first game so the lines couldn't have been stale.
- Mr J disagreed there had been a manifest pricing error and that the price of his bet should've been 24-26. The game lines for the 13 individual games showed all were

expected to be close games. The biggest winning margin offered across the 13 games was only 7 points.

- Sporting Index's account operating rule 6.4.4 said '*If we accept an offer from you to open or close a Bet based upon a Manifest Pricing Error that Bet shall be void and we shall: (a) void that Bet in our records as soon as we become aware of the error; (b) inform you as soon as reasonably practicable thereafter; (c) return to you the amount you staked on that Bet.*'

- Despite part 6.4.4b of the rules Sporting Index had made no effort to contact Mr J on 10 September or on 11 September. It was only when Mr J contacted sporting Index on 12 September and after several emails with incorrect explanations that Sporting Index told him why the bet had been voided. Sporting Index had offered £200 in apology for this error but Mr J declined it.

Mr J said he wanted Sporting Index to pay him the amount he would've won if the bet hadn't been voided.

One of our Investigators looked into Mr J's complaint. He asked Sporting Index for information, including an explanation of the manifest pricing error it said had occurred. Sporting Index didn't provide anything. The investigator concluded that in the absence of any evidence from Sporting Index he couldn't confirm that a manifest pricing error had occurred. And so the Investigator thought Mr J's complaint should be upheld. He recommended Sporting Index pay Mr J the winnings he missed out on, and £150 for distress and inconvenience.

Mr J accepted the Investigator's view. Sporting Index said in response that its reply to Mr J's complaint had explained the manifest pricing error and the bet had been voided in line with the terms of the account.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

Sporting Index subsequently provided information about what happened at the time of Mr J's bet. It said that due to a transfer of business between entities it couldn't provide contemporaneous records to show the data underlying the prices of the bets at the time of Mr J's bet. But it said the history of the NFL since 1966 showed that the price Mr J had bet on was an error. In particular it said in the history of the NFL the market had never made up lower than 19 on Week 1 of NFL in the entire history of the NFL going back to 1966 (58 years), with the lowest make-up in that time being 21.

Sporting Index said the error was a '*simple human error*' and the wrong prices were input when a trader was making a manual adjustment to the underlying trading model.

In summary Sporting Index gave the following further explanation of why it believed the price had been a manifest pricing error:

- The price Mr J had received would be incorrect by two times the normal spread if the correct price had been at least 18-20 or higher (with a mid-point of at least 19). So the price Mr J received would've been a manifest pricing error if the correct price had been at least 18-20 or higher (with a mid-point of at least 19).

- The price would be at the correct level (instead of being a pricing error) if Sporting Index expected the market to make up higher than the level of the price on 50% of occasions, and lower than that level for the other 50% of occasions.

- If 18-20 were the correct price, the midpoint of the correct price would be 19.
- In the history of the NFL (since 1966) the market for biggest winning margin in Week 1 had never made up lower than 19. The lowest make-up had been 21.
- In all weeks (not only Week 1) the NFL market had made up lower than 19 only four times in the last 6 years (105 game weeks). And it had made up lower than 19 only 31 times in a total of 937 game weeks. So, for 96.7% of the weeks the NFL had operated, the market had met the level of 19. This showed Sporting Index would've considered 19 to be too low for a correct price. And so the price of 14-16 – which was lower and which was the price Mr J received – was a manifest pricing error.
- The midpoint of the bet Mr J made was 15. The market had made up lower than 15 in only 5 of the 937 game weeks that had occurred.

Before making a final decision on Mr J's complaint I issued a provisional decision in which I said the offer of £200 from Sporting Index was sufficient to resolve the complaint. I said I'd consider any further comments from Mr J and Sporting Index before making my final decision. Sporting Index accepted my provisional decision. Mr J didn't respond to it.

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.

Having done so, my final decision is that the offer of £200 that Sporting Index has made to Mr J is sufficient to resolve this complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

Mr J hasn't disputed the definition of a manifest pricing error in Sporting Index's account operating rules. And he hasn't disputed that the rules applied to his account. In the absence of any reason not to, I accept that the operating rules were applicable and that the definition of a manifest pricing error in the rules required the price to be wrong by more than twice the usual spread of the bet for a manifest pricing error to have occurred.

For the price of Mr J's bet to have been the correct price that Sporting Index intended to offer, Sporting Index would have to have thought the biggest winning margin across 13 games to be played in week one of the NFL would be 15. But, in the past, this market has settled at 15 or less on only 5 of 937 game weeks. Because of that I think it unlikely that Sporting Index would've intended to offer a price of 14-16.

Mr J bet on a spread of 14-16 so the size of the spread was two (the difference between 14 and 16). The spread of the price Sporting Index has said is the correct price (24-26) is also two. So in order to say any error on the price Mr J received was *not* a manifest pricing error, I'd need to see that the correct price was no more than four points away from the price Mr J received. Sporting Index has said the price Mr J received was too low. So for any error not to be a manifest error under the rules, the correct price would need to be no more than 18-20, with a mid-point of 19. And the history of NFL winning margins shows the market had only very rarely settled at 19 or lower. Again, I think it unlikely that Sporting Index would've intended to offer a price of 18-20 (or lower) for the bet Mr J made. And so I think the price Mr J received was lower than the correct price by more twice the spread of the bet.

So, given the history of the NFL market – including how infrequently the market had made up at the level of the bet Mr J made with Sporting Index and how infrequently it had made up at the level which was the threshold for a manifest pricing error in this case – I can't say it was unreasonable for Sporting Index to classify the bet as a manifest error as defined in its account operating rules.

And so, although Sporting Index hasn't been able to provide evidence showing how the error occurred, I'm satisfied the history of winning margins in the NFL shows that an error is likely to have occurred on this occasion. And I'm satisfied that the history also shows that the size of the error is large enough for it to be classed as a manifest pricing error under the account operating rules.

I know Mr J has said the price seemed reasonable at the time because, he said, the individual games had prices of about seven. I've considered this point carefully. I understand Mr J is referring here to prices for bets on the winning margin of individual games for week 1 in the NFL at the time of his bet. I haven't seen evidence showing the prices Sporting Index offered for all the individual games for the week in question. And I don't know whether those prices were also subject to error. But, even if Sporting Index offered, without error, prices of about seven for the winning margin on most of the games to be played that week, I think the overall history of NFL results since 1966 still shows that on balance Sporting Index was unlikely to intentionally offer a price of 14-16 for the bet Mr J made which was biggest winning margin across all games. I think, on balance, the historical data for biggest winning margin is a better indicator for the correct price on Mr J's bet than the prices of single games for that week taken individually. It more closely replicates the actual bet Mr J made. And it's based on many instances of data.

As well as disputing the voiding of the bet Mr J also said Sporting Index didn't tell him soon enough that it had voided the bet. And he said it was only when he contacted Sporting Index that Sporting Index told him what had happened. I can't say if or when Sporting Index would've contacted Mr J about the bet if he hadn't contacted Sporting Index first. But the fact is that Sporting Index gave him an explanation on Monday 12 September 2022 after the bet was placed on Saturday 10 September 2022. So the delay Mr J experienced was up to two days, if it had been reasonably practicable for Sporting Index to tell him sooner that it had voided the bet. Sporting Index appears to have acknowledged there was a delay in telling Mr J about the bet being voided. This delay would've caused frustration and inconvenience to Mr J. And I think the £200 Sporting Index has offered him is sufficient to compensate for that.

Overall I can understand Mr J's frustration and disappointment at having his bet voided after he believed he'd won a significant return on it. But I can't say Sporting Index was wrong to void the bet. So I can't say Sporting Index must pay Mr J the amount he would've won if the bet hadn't been voided. And I think Sporting Index's offer of £200 is sufficient as an apology for having made the pricing error and not informed Mr J about it any sooner than it did.

Because I don't think the £200 has yet been paid, I'm including an order in my decision requiring Sporting Index to pay it to Mr J.

Putting things right

To put things right for Mr J Sporting Index Limited must pay Mr J the £200 it offered for its error.

My final decision

For the reasons set out above, my final decision is that Sporting Index Limited must pay Mr J £200 to put right its shortcomings in this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 10 September 2024.

Lucinda Puls
Ombudsman