

The complaint

Mr V complains about VPR Safe Financial Group Ltd (trading as Alvexo) closing his account and facilitating a transfer of his positions to another broker. He says these actions caused him significant losses.

What happened

Mr V opened a CFD trading account with Alvexo in July 2021. He traded frequently, placing over 2,500 trades over the next year. On 30 September 2022, Alvexo wrote to Mr V to say it was exiting the UK Financial Services' "Temporary Permission Regime" (TPR). This meant it would no longer be regulated in the UK and so it wasn't going to be able to serve UK clients any longer.

Alvexo explained that Mr V could continue to use his account, and manage his positions as he saw fit, for the next month. It said that after 1 November 2022 Mr V could still trade, but could only close existing positions and not open new ones. And that on 31 December 2022, if Mr V had any remaining open positions, Alvexo would close them and send him the resulting balance of cash on his account. It said it had partnered with another firm (I'll call them "A"), based in the UK and regulated by the FCA, which Mr V could transfer his account and positions to if he wanted, in order to continue trading uninterrupted.

Mr V transferred his positions to A on 30 December 2022. A few months later he complained to Alvexo. He said it had deliberately chosen to withdraw from the UK market to profit from his existing trades. And that Alvexo had links to A, which is why it told him to transfer to that company. He said the transfer had caused him to lose over \$500,000 by closing his losing positions.

Alvexo didn't uphold Mr V's complaint. It said it was entitled to choose to exit the UK market, and it had done so in compliance with the FCA's requirements and following its rules throughout. It said it had provided Mr V more time than stipulated in the terms of his account to make other arrangements or wind down his trades. And it said it had transferred his holdings to A as agreed – meaning Mr V could continue to trade as he had with Alvexo. It noted it had arranged for A to reopen Mr V's positions at the same price they'd closed at with Alvexo to ensure he wasn't disadvantaged by selling and repurchasing his trades, either.

Mr V wasn't happy and came to our service, where one of our investigators looked into his complaint. The investigator wasn't persuaded Alvexo had treated Mr V unfairly. He thought it was fair for Alvexo to have stopped providing services to UK customers, and said it had given what he considered reasonable time and alternatives to Mr V before closing his account. He didn't think there was anything untoward about the relationship between Alvexo and A, and didn't think Alvexo should pay Mr V any of his losses back.

Mr V remained dissatisfied and asked for an ombudsman to decide the matter. In summary, he said:

- Alvexo hadn't provided all the recordings of his calls with it, so all the evidence hadn't been considered.

- A's terms and conditions were almost identical to Alvexo's, and his account manager with A also worked at Alvexo. He didn't think we'd considered the closeness of the two firms enough.
- His case should be looked at alongside that of another Alvexo customer (who I'll call Mr B).
- Alvexo encouraged him to deposit substantial sums when it must have known it was going to be exiting the UK market and closing his account.

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.

While Alvexo was regulated by the FCA (including all the relevant period this complaint concerns) it needed to comply with the regulator's rules and guidance. These included the high-level principles, two of which said that Alvexo needed to carry out its business with due skill, care and diligence; and that it needed to have regard for its customers' interests and treat them fairly. I've considered Alvexo's actions in light of its regulatory responsibilities, as well as the terms of Mr V's account with it, which he'd have needed to agree to in order to open his account.

I'll firstly make a comment on the evidence I've considered. I've read and listened to all the documents and recordings provided by both parties. While I appreciate Mr V wants us to ask Alvexo for more recordings, I'm satisfied I have enough information to decide what's fair and reasonable in the circumstances of this complaint – as I'll go on to explain further.

I also note his request to have his complaint heard together with Mr B. Our service considers each complaint on its own merits, and another ombudsman is considering Mr B's complaint. While this decision therefore will only concern Mr V and his particular complaint against Alvexo, I'm obliged to decide what I consider to be fair and reasonable in *all* the circumstances of the complaint, which can include evidence provided in related complaints.

I'll now turn to Alvexo's decision to close Mr V's account. In short, I'm satisfied that deciding what markets it wants to operate in falls squarely within the exercise of a firm's commercial judgement, which I wouldn't generally look to interfere with. Alvexo is not a UK based firm, but had fallen under the FCA's regulatory umbrella as a result of legislation following the UK's departure from the European Union. I find it reasonable for Alvexo to have made a decision not to apply for further permanent FCA regulation – I've seen nothing to suggest there were unfair or illegitimate reasons for it to exercise its commercial judgement in this way. Of course, having made such a decision, Alvexo needed to ensure it carried out its exit from UK regulation fairly and reasonably and having regard for the interests of its UK customers, including Mr V.

Mr V's said his account managers at Alvexo encouraged him to deposit money and to trade with a long term strategy – when it knew he wasn't going to be able to have his account much longer. He says this contributed to his losses. I note here that Mr V's account was execution only – I'm satisfied he was ultimately responsible for (and did, in fact make) all decisions regarding what trades he placed, and how much money he deposited. I also note that by the time his account closed he'd placed over 2,500 trades making profits and losses (gross) in excess of \$2m. So I'm satisfied that Mr V more likely than not had a firm grasp of the way the markets worked, and the implications for his account of depositing funds.

I think it's very plausible that the front line staff working with clients like Mr V wouldn't have

known what considerations were happening at a higher level about Alvexo's strategic plans. I think it's quite likely they wouldn't have known about Alvexo's impending exit from the UK market much before Mr V himself did. But even if I'm wrong, and even if they did unreasonably encourage Mr V to deposit funds and place long term trades, I'm not persuaded these things would have caused Mr V's losses, or that it would be fair for Alvexo to compensate Mr V for those losses.

I say this as I think Alvexo gave Mr V ample opportunity to mitigate any impact of placing those deposits or any trades he had open when it announced it would close his account. The terms of Mr V's account said Alvexo could close his account with 15 days' notice. In this case, it gave him three months to make alternative arrangements or close his positions in the way that best suited him. I think this provided more than fair opportunity for Mr V to minimise the impact of Alvexo's decision, and to open an account elsewhere and transfer his positions, if he felt they were long term trades he wanted to continue to hold. As a result I'm not persuaded Alvexo's actions caused Mr V to be in a position where he was forced to close trades he didn't want to (or at least not without the ability to reopen those trades elsewhere at no initial cost).

This is ultimately what Mr V chose to do – he accepted Alvexo's offer to facilitate a transfer of his account to A. I've considered Mr V's points about A and Alvexo's relationship carefully. But like our investigator I see nothing untoward in the links between the companies, or that any relationship that did exist between them has caused any of Mr V's losses.

A was, and is, FCA regulated in its own right and a UK based CFD provider. By moving his account there Mr V retained the protection of his account being with a firm obliged to follow the FCA's rules and regulations, and the ability to complain to our service if things went wrong. If Mr V is unhappy about anything that's happened with his account with A, he is of course free to raise a complaint with that firm about it.

I will finally turn to the transfer itself. Mr V alleges that this caused him a substantial loss as it closed positions for large losses, and that this money was lost after the transfer, leaving him worse off. I'm not persuaded that he was in fact any worse off after the transfer. Rather, I find that the change was a mere accounting one.

When Mr V's positions and account with Alvexo were closed, he had significant cash on his account – over \$700,000 made up of the cash he'd deposited and the proceeds of trades he'd closed. But he had open positions with a running loss of around \$600,000. So his account equity – or the real economic value of his overall Alvexo account, was just under \$140,000. This is what his account was in fact "worth" based on the market prices at the time. Mr V could never have withdrawn the cash in his account – it was required as margin against his open trades and so to withdraw it he'd have needed to close positions – and closing those positions running at those losses would by definition have reduced the cash on his account.

When Alvexo transferred his account to A, the cash position effectively reset. Mr V's open positions were closed, crystallising those losses (but to be clear, those losses had already been suffered – they were what Mr V's trades were worth at the time, this simply converted them to real losses). The resulting cash balance of ~\$140,000 was transferred to A, and his positions were re-opened. As newly opened trades they by definition had negligible running profit or loss. But I'm satisfied Mr V's account remained as it had been with Alvexo from a practical and economic perspective. He had a range of positions open, and an account worth about \$140,000. If his positions moved in his favour, he would recoup the loss he'd made when the trades were closed with Alvexo. But that was subject to market movements – which is precisely the situation he would have been in had Alvexo not closed his account and his trades remained open there.

This is, in my view, the heart of the matter. After his account was transferred, I'm satisfied Mr V was materially in the same position he'd have been in had Alvexo not decided to close his account. He had a CFD account with an FCA regulated firm, with the same positions open and the same account value. What happened from there was subject to Mr V's trading decisions and the vagaries of the market. So I can't fairly conclude that any losses Mr V has suffered are a result of anything Alvexo did or didn't do. It follows that I don't uphold Mr V's complaint.

My final decision

For the reasons I've given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 28 February 2025.

Luke Gordon
Ombudsman