

The complaint

Mr L complained about Valutrades Limited trading as Forexvox. He said he should not have been allowed by Forexvox to open a trading account as he was a novice trader, and it wasn't appropriate for him. He said it shouldn't have also allowed him, at a later date, to open a multi account manager (MAM) in his name.

In addition, Mr L complained that Forexvox told him what trades to place and advised him to increase the number of trades he should carry out or risk having his account closed down.

Mr L said Forexvox has behaved unfairly, and because of this, he would like it to compensate him for the losses he made.

What happened

Mr L applied for a contracts for difference (CFD) trading account with Forexvox on 6 July 2020. Forexvox agreed Mr L could have a trading account, following an assessment it made where it deemed it to be appropriate for him.

In January 2021, Forexvox opened a multi account manager (MAM) in Mr L's name. This was software that allowed Mr L to make trading decisions on a master account, that were then replicated in several accounts linked to it. Mr L had his own sub account linked to his MAM along with a number of accounts held by friends and family. Mr L held a power of attorney on these accounts. Through the MAM, he was trading on his own account and his friends and family's accounts at the same time.

On 25 April 2022, Mr L was issued with a notice to close by Forexvox. It said it issued this due to the amount of losses Mr L was incurring. Forexvox said the last day Mr L could trade was 6 May 2022, although Mr L said he stopped trading shortly after the notice was issued.

Mr L has complained that Forexvox shouldn't have let him open an account as he was a novice trader. He said he went on to make losses. He said he was then told by a representative from Forexvox that he should open a MAM and get people signed up and invested, so he could use their money to recoup the losses he had already made. He said Forexvox shouldn't have advised him to do this.

Mr L said the same salesperson from Forexvox told him to increase the number of trades he was making, or he would close his account. He said he also told him what trades to make and advised him to copy what other traders were doing. He said Forexvox gave him advice, and this turned into him making losses for himself and his friends and family, who he was making trades for as well. Mr L said Forexvox shouldn't have done this and has treated him unfairly.

Forexvox said in response that it assessed Mr L for a trading account, and he scored highly, based on the answers he gave. It said it deemed an account to be appropriate for him. It said it couldn't find any evidence that it encouraged Mr L to open a MAM account. It said no other party made final decisions to trade other than Mr L. It went on to conclude Mr L was

informed about the risks and nature of CFD trading. It said it was not responsible for Mr L's financial losses and it did not uphold his complaint.

Mr L was not happy with Forexvox's response and referred his complaint to our service.

An investigator looked into Mr L's complaint. He said he could see Forexvox had assessed the appropriateness of an account for Mr L and decided he could proceed. He said how it made this assessment was in line with what we'd expect to see. He said he couldn't safely say Forexvox told Mr L to open a MAM account to recoup his losses. He also concluded that he hadn't seen enough evidence that Forexvox suggested Mr L should trade more. Finally, he felt Forexvox had carried out services on an execution only basis and it was Mr L's decision to make the trades he did. He said he could see Forexvox had provided guidance but couldn't say this constituted advice. He didn't uphold Mr L's complaint.

Mr L is not in agreement with the investigator's view. As the parties are not in agreement, Mr L's complaint has been passed to me, an ombudsman, to look into.

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.

Mr L opened a multi account manager (MAM) with Forexvox in January 2021. As I have already explained, this was software that allowed Mr L to make a trade and have his decisions replicated across several accounts. Mr L during this time, had contacted friends and family and they opened their own accounts. He then arranged for a power of attorney to be signed, so he could trade on their accounts through the MAM software.

To be clear, I have looked into the accounts that Mr L held in his name only. This is because Mr L is the complainant here and so it is only activity relating to him that is within my remit to look into.

I have independently reviewed Mr L's complaint about his accounts and have arrived at the same outcome as the investigator, for broadly the same reasons.

I reached the same outcome after looking into what I felt was the crux of Mr L's complaint. This being whether Forexvox should have allowed Mr L to open a trading account in the first place. Then whether it advised Mr L to open a MAM, and whether it told him specifically to make trades. Finally, I looked into whether it treated him fairly, when it communicated with him during the time that he held an account with it.

Did Forexvox do anything wrong when Mr L applied for a trading account in January 2020?

Mr L applied for a CFD trading account with Forexvox on 6 July 2020. He has shown our service screenshots of his initial communication with a representative from Forexvox. He said it clearly shows the representative talked him through the application form. He said the screenshots he provided prove from the outset that he didn't have a clue about CFDs and that Forexvox said he'd make money and not to worry as it would be managing and telling him what to do.

I have looked at the screenshots that Mr L has sent, and I haven't seen any communication from Forexvox, where it has told Mr L what to do. Instead, I can see that Mr L has completed the application form, including an appropriateness test, and sent it to the representative from Forexvox. Mr L said his application form changed in the same thread of

communication with Forexvox, and I can see that this was the case. But I am not persuaded this supports Mr L's claim that Forexvox told him how to open an account, that it would be managing it and telling him what to do. Instead, it shows only that Mr L amended his application form and sent a revised copy to the representative from Forexvox.

When Mr L applied, he asked a series of questions regarding how appropriate the account was for him. Forexvox has told our service, that based on the answers Mr L provided, he scored 15 out of 22 on its assessment, with the pass mark for its own test being 5. It said Mr L scored a high mark and was over the threshold that he needed to reach in order to be approved for an account. Forexvox held an obligation to carry out an appropriateness test when it considered Mr L's application, and I can see on this occasion that it did this.

I've looked at the answers provided by Mr L. I can see that he said he had experience of trading previously. He said he had taken a course on trading too. I consider that Forexvox was entitled to take the information Mr L told it about his circumstances in its appropriateness test at face value and use it to assess whether he should have a trading account.

Forexvox was required to assess whether the account was appropriate for Mr L. When it did this, it acted on the information Mr L provided and decided based on what he had said that the account was appropriate. Mr L said he was a novice trader and Forexvox should have seen this but based on the answers I can see he gave; I don't think it would have assessed him as this. So, I can't say at this stage that it did anything wrong here when it decided the account was appropriate for Mr L.

I have gone on to consider whether the risks of trading in CFD's and warnings given to Mr L were sufficient. Forexvox said it provided Mr L with a risk disclosure notice and gave warnings on its website. It has provided a copy of its risk disclosure notice and I have looked through this. On balance, I think Mr L would have been given at least some notice of the nature of risk that trading in CFD's brought with it. So again, I can't say on this occasion that Forexvox was being unfair or did anything wrong here.

Did Forexvox advise Mr L to open a MAM or make specific trades and did it treat him fairly?

Mr L communicated at length with a representative from Forexvox for most of the time that he held a trading account with it. I have read many messages between the two on different social media platforms and can see that they often communicated several times, daily. Mr L was consistently and regularly updating the representative about how he was performing with his trades and the two were conversing regularly about personal matters as well as discussing Mr L's trading activity. What I need to consider though is whether the representative from Forexvox gave Mr L advice about whether to open a MAM account and whether he advised or told him about his trading.

I have considered this because, once the account was opened and deemed appropriate by Forexvox for Mr L, he was free to trade as he wished, with it carrying out his instructions, as an execution only broker. This is the service that Mr L had signed up for and what he had agreed to through the terms and conditions of his account, with Forexvox. If the representative from Forexvox, had advised, or told Mr L what to trade in and when, then this would have constituted a different type of service, something he hadn't signed up for and so I would in this scenario have needed to consider whether Forexvox had made failings and whether it had been unfair to Mr L.

But after reading all of the messages between the two parties, I can see that a significant proportion of the discussion around trading came from Mr L and that he was regularly

outlining what he had done and how his positions were doing. I haven't seen enough that I can safely conclude Forexvox were giving any advice to Mr L about what to trade on, based on what I have read. Rather, the representative was providing support in general to Mr L about his trading and the services Forexvox were providing to him.

In addition, I haven't seen anything in any of the messages that Mr L has provided that shows me that Forexvox told Mr L he should open a MAM so that he could recoup his losses. Mr L has told our service that much of the discussion in this regard took place during telephone calls or face to face online. I haven't been able to hear any call recordings or listen to any of the conversations Mr L said happened, in this regard, so I can't say what was said between the parties. And in the absence of any other evidence, based on what I have in front of me, I am not persuaded Forexvox did tell Mr L he should open a MAM account to recoup his losses.

Finally, Mr L told our service, that he would never in any circumstances have traded in other people's money unless he was told to do so by Forexvox. But I have seen a letter written by Mr L that presumably he sent to friends and family, where he outlined that he had been trading in CFDs and that he was looking for investment, so he could trade on other people's behalf. When I read this, I am not persuaded Forexvox told Mr L to trade in other people's money, rather it was discussed, and Mr L thought it would be a good idea to pursue.

I appreciate that my findings will be disappointing for Mr L, and I empathise with him regarding the losses he has incurred. But based on everything I have read and what I have concluded, I haven't seen enough evidence to show that Forexvox made mistakes and so for this reason, I don't uphold Mr L's complaint.

My final decision

My final decision is that I do not uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 2 July 2024.

Mark Richardson
Ombudsman