

The complaint

Mr M complains that IG Markets Limited gave him incorrect information about whether it could provide him a tax statement. By the time he was told that this information was incorrect, he had already paid a professional to calculate his tax liability. However, IG Markets Limited only offered to reimburse a portion of his costs.

What happened

In August 2021 Mr M contacted IG to request a tax statement. He was told that IG didn't provide this service. He was unhappy with this response because he said that CFDs gave rise to Capital Gains Tax (CGT), other brokers offered this service and he would've gone to another broker had he known IG didn't offer this.

IG looked into Mr M's complaint and agreed to uphold it. It said that what he was told was incorrect, and that IG did provide a tax statement for use in calculating CGT liability. It initially offered him £50 compensation for the inconvenience the incorrect information had caused him. Mr M explained that he had hired an accountant, and the agreed fee was £1,500 plus VAT – he said that he wouldn't have done this but for IG's incorrect information. IG considered his request for a full reimbursement of his accountant's fees but didn't agree that was fair. It said it was clear that the service he had paid for was not only to do with his trades with IG, but also with other matters and said it was likely Mr M had other income which would've been included in the tax accounts. It also said that whilst Mr M hadn't received the tax document he asked for initially, he had received confirmations of all the trades he had placed with IG – and the summary of his account and his trades was accessible online. Taking all this into account, it therefore agreed to pay £800 contribution towards the costs of hiring an accountant.

Mr M didn't agree and referred his complaint to this service. One of our investigators looked into his complaint, but didn't think it would be fair to ask IG to pay the full fee. In summary, he said that Mr M did have the information available to him, even if it wasn't in the format he wanted. The investigator concluded that it therefore wouldn't be fair and reasonable to ask IG to pay for all the fees associated with hiring an accountant.

Mr M didn't agree with the investigator. He asked the ombudsman to decide what IG ought be compelled to pay, and make such an award. And he asked whether he'd be entitled to interest on any outstanding amount since raising his complaint until the settlement date.

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.

I can see from Mr M's letter of engagement that the fee of £1,500 plus VAT was to cover two years tax returns – 2019/20 and 2020/21. The letter of engagement is dated 8 September 2021.

I've considered Mr M's request to have the full fee refunded, but I don't agree that would be fair and reasonable. I say this for the following reasons.

In principle, I agree with IG that it's likely Mr M's tax returns were not prepared solely on the basis of Mr M's trading. For example, I can see that his trading tax statement for 2020/21 showed a loss, and with or without statement, I don't think it's likely Mr M thought he'd made a profit for which he'd have needed to pay capital gains tax. It may be he needed information on the exact size of his losses to properly offset gains made on other investments – Mr M hasn't specified. If that's true, then it's clear that IG is right that Mr M didn't hire an accountant solely to calculate his tax liability in relation to his trading with IG – but also to calculate any other income or investment gains he'd made in the relevant tax years.

But regardless, as far as I can see from the tax statement IG provided, Mr M made 18 trades between 9 April 2020 and 9 December 2020. So I'm satisfied that purely based on the statements of his account, he ought to have been able to calculate his profit or loss. I'm not persuaded he needed to hire a professional for that, even if the information was in a different or less easy to read format. I acknowledge there were other transactions, mainly interest and dividend debits – but these only amounted to around £1,100, versus trading losses of over £59,000. So I'm satisfied it would still have been possible for Mr M to work out his losses for the year based on the information he would've had at his disposal, even if it wasn't in the form of a tax statement from IG.

I'm also aware that deadlines for providing this information to the relevant authority are 31 October for paper statements, and 31 January to do it online. This means that Mr M had ample time to wait for IG to respond to his complaint, before proceeding to hiring an accountant and incurring further costs. If he had waited, or otherwise asked IG to expedite his complaint in view of his need to file his tax return, he would've received the information from IG that he was after and would not have incurred the additional costs.

All that being said, I do agree that Mr M was inconvenienced by being given the wrong information, and I accept his evidence that he was not intending on hiring an accountant but for IG's incorrect information. For the reasons I've given, I'm satisfied it wouldn't be right to ask IG to foot the entire bill for the accountant's services – but I'm satisfied it's offer of £800 is fair and reasonable. Although it isn't clear from the papers, I'm also satisfied that this offer includes the original offer of £50 for the trouble and upset the matter has caused Mr M. I therefore make no separate award for that.

Mr M has asked about interest on this sum, but I don't agree that would be fair. This service normally awards 8% per year simple interest on sums where a business is responsible for a consumer being out of pocket or being deprived of a cash sum. In this case, whilst I accept Mr M relied on IG's actions, and took some steps which were to his detriment, for the reasons I've given I'm not persuaded Mr M's losses were entirely attributable to IG's mistake – and I consider that Mr M had opportunities to avoid hiring an accountant. So I don't consider it would be fair to ask IG to add interest to the contribution it has offered towards the costs of his accountant.

Putting things right

To put things right, IG must:

- Pay Mr M £800, as a contribution towards the professional fees he incurred following IG's mistaken information

My final decision

My final decision is that I uphold this complaint and award the compensation I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 December 2023.

Alessandro Pulzone
Ombudsman