

The complaint

Mr S complains that faults on eToro (UK) Ltd's trading platform have caused him a financial loss. He says the platform is not equipped to handle spikes and dips in prices, which is causing him losses when attempting to invest in instruments using its services.

What happened

Mr S held a trading account on eToro's platform which he used for placing various trades in financial instruments. In 2023, over a number of months, Mr S raised several complaints about eToro's platform. In June 2023, this ultimately led to eToro informing Mr S that it would be closing his account as due to the complaints he'd raised as it was not meeting his needs.

The specific concerns relevant to this complaint are about the platform not being able to cope with market volatility. There are two specific instances within this period that caused Mr S to raise concerns. The first relates to several positions that were closed following a market spike and stop loss settings were triggered. The other relates to a market not being open for an instrument Mr S wanted to trade in. Mr S said eToro's platform is faulty and prevented him from trading.

eToro responded to the complaints. It didn't uphold either.

In respect of the stop losses it said:

- The positions were closed automatically between 10:04:18 and 10:04:30 PM on 3 May 2023 and the rates received have been validated with its liquidity provider to confirm the pricing was correct.
- The market spike which caused the stop loss settings to trigger was unrelated to the platform's performance. It was a direct result of market activity.
- There were no technical errors or faults occurred on the eToro platform on May 3, 2023, that would have affected the positions.

In respect of the market opening issue, it said:

- Its technical department confirmed that the market for the instrument was opened on 30 May 2023 but with 54-seconds delay at around 8.27 AM (BST), due to high volatility.
- The instrument was unavailable for trading due to its security mechanism when high volatility is localised, which kicked in to protect clients.
- Such preventative measures are always taken in the best interests of clients to minimise the risk of them receiving inflated spreads and/or poor execution.
- There were no technical errors on the side of eToro as the platform worked as intended.

Mr S didn't agree with what eToro said, so referred his complaint to this service for an independent review. One of our investigator's looked into the complaint but didn't think it should be upheld. In summary she said:

- She didn't find evidence to suggest the market not being open was as a result of

failings by eToro.

- Mr S had a stop loss setting on his account, so when there is a market spike or volatility, the setting triggers to help reduce losses. She didn't find eToro at fault in this situation either.

Mr S didn't accept the investigator's findings and requested an ombudsman reaches a decision on his complaint.

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 S has raised a number of concerns with eToro over the last year or so. It is clear he isn't happy with the way his trading account has been run. In this decision I will only be considering the complaint points about the stop losses that were triggered and the delayed opening of a market, which both happened in May 2023.

I've first considered the issues relating to the stop losses that were triggered on 3 May 2023. Mr S argues he has suffered a loss because the platform was unable to handle a sudden spike in prices.

eToro has confirmed that Mr S had stop losses set on nine positions, and it has provided evidence of the trades it completed. This supports that the positions that were closed were because a stop loss had been triggered - this all happened at around the same time for the nine positions highlighted.

Mr S hasn't disputed there were stop losses set, so this suggests he doesn't think a short-term spike in prices should lead to a stop loss being triggered and where it does this is a platform failure. I don't agree the evidence available supports this. I haven't seen evidence of platform failure and what is available points to market conditions leading to stop losses being triggered. I appreciate that Mr S has already told eToro he doesn't accept this explanation – but I'm afraid I haven't seen evidence that a fault on eToro's part has caused the losses he claims. Rather, the consequence of having a stop loss means it is expected to execute if hit – even if that is only because of a spike in prices.

In respect of the second issue relating to a market not being open, eToro has provided evidence of the historical prices for the instrument Mr S was seeking to buy. This supports that the market did open and was trading. But it has explained there was a short period where the market was unavailable (less than a minute). It appears this as the point at which Mr S wanted to trade and led him to raise his concerns.

eToro has explained that this was because the platform has an automatic security mechanism that kicks in when there is high volatility. It says the reason it does this is to protect clients to minimise the risk of them receiving inflated spreads and/or poor execution.

But Mr S's position is that eToro's applications have bugs and this is what impacted his ability to trade when he wanted to – and again he says the explanation given by eToro is invalid. But I haven't seen evidence to support this is the case.

It's unclear if Mr S did go back and try to trade again, but the evidence provided by eToro indicates that when the market re-opened, the price had fallen from the previous price before the market was temporarily unavailable. Mr S was seeking to buy, so had he still wanted to trade this move in price was to his advantage. This indicates he hasn't lost out because of

the short unavailability of the market. While I haven't seen he did trade, I can't say this is because eToro prevented him from doing so when the market re-opened.

I do appreciate that these types of situations, where volatility impacts the functionality of a trading service, is very frustrating. But it's not an uncommon one, across all trading platforms of this type. And, as is the industry norm, eToro's terms, which Mr S agreed to at the outset, take account of this and explain that its service is not guaranteed.

My final decision

For the reasons given, while I recognise Mr S will be very disappointed, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 March 2024.

Daniel Little
Ombudsman