

The complaint

Mr J complains that Interactive Brokers (UK) Ltd ("IBUK") delayed crediting his account with money he deposited which led to his positions being closed due to margin call.

What happened

Mr J opened an execution only account with IBUK in 2021 through which he made margined trades. On 13 January 2022 his account equity fell below the margin requirement. IBUK warned him about this and he paid £1,500 into his trading account. However, this wasn't enough to stop his account equity falling below the margin requirements around an hour later, at which point IBUK liquidated the shares Mr J held in BABA. A second payment of £1,500 on 13 January 2022 was credited to his account the following day.

Mr J complained about the delay in crediting the second payment, at one point suggesting that it was because it hadn't been credited to his trading account when it should have been that his shares in BABA had been liquidated.

IBUK didn't uphold the complaint. In short it said that it received two deposits of £1,500 each. It said the delay in crediting the second deposit was because Mr J has used 'faster payments', a low value payment method which doesn't provide enough information for the money to be credited to a client's account without further checks.

IBUK said the only information provided to identify his account was his surname and because such payments need to be manually reviewed to ensure the correct account is credited this causes delay. In any event, it said that the delay in crediting the second deposit payment didn't affect the position with the margin deficit, as the payment was only received after the sale of the BABA shares.

Mr J didn't accept the final response and referred his complaint to our service. One of our investigators considered the complaint but didn't uphold it. In short he made the following points:

- On 13 January 2022 IBUK liquidated shares Mr J held in BABA due to margin breach.
- IBUK isn't required to give notice when a client has fallen short of their margin requirements but had notified Mr J on and before 13 January 2022 that his account equity had fallen below the margin requirement.
- Mr J made two deposits on 13 January 2022 the first of which was credited to his account before the liquidation of his shares in BABA. This brought his account equity back within margin requirements for a brief period but by 15:46:23 EST on 13 January 2022 his account equity was again below the amount required to maintain his margin requirement.
- IBUK thereafter sold 72 BABA shares to bring the account equity back within the margin requirements.

- IBUK received a further deposit of £1,500 at 17:58:42 EST, after the shares had been sold, so any delay in crediting this second deposit had no material impact on the decision to liquidate the shares. This second deposit was credited to Mr J's trading account at 14:13:07 EST on 14 February 2022.
- The delay in crediting the second deposit was so IBUK could check it wasn't a duplication of the first deposit, in accordance with its internal procedures.
- The call centre staff provided appropriate information to Mr J in relation to his queries about the second deposit.

Mr J didn't agree with the investigator. He said that the investigator's rationale was biased and without foundation and that IBUK's error was evident with regard to the second deposit but provided no additional information.

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 appreciate that it must have been frustrating for Mr J to have made attempts to meet the margin requirement on his account on 13 January 2022 and still have his BABA shares sold due to breach of the requirement. However, on the evidence provided by the parties, IBUK did nothing wrong in acting as it did.

The terms of the trading account which he agreed to when he opened his account in 2021 make it clear that it was his responsibility to ensure he maintained the required margin and IBUK didn't have to provide any warning before liquidating shares when he failed to do so. Such terms are not unusual with firms that offer execution only trading accounts where clients trade on margin.

However, although the terms didn't require it to do so, IBUK did warn Mr J that his account was at risk of falling below or had fallen below the required margin, before liquidating his shares.

The first deposit of £1,500 he made into his trading account on 13 January 2022 was credited to his account at 14:22 EST but this only meant that his account equity stayed within margin requirements until 15:46 EST. IBUK started to liquidate his BABA shares at this time when his account fell below the required margin – as it was entitled to do - with the liquidation being completed at 15:59 EST.

The second deposit of £1,500 had not been received by IBUK by that time, so IBUK did nothing wrong in proceeding with liquidating his shares when it did. Mr J has referred to the two deposits as having been made within a short time of each other but there is nothing to support this. His bank statements only show the withdrawals from his bank account on 13 January 2022, not the time these amounts were withdrawn.

From the information provided by IBUK the second payment of £1,500 wasn't received until after 17.00 EST – so long after his BABA shares had been liquidated because his account equity was below the margin requirement. This second payment wasn't actually credited to Mr J's trading account until 14:13 EST the following day -14 February 2022.

IBUK has explained that the delay in crediting his account with the second deposit was because of the potential for this to be a duplicate of the first payment. Because Mr J had sent the payment by 'faster payment' limited details were provided – IBUK has said this was

limited to Mr J's name. It has explained that it needed to be satisfied that the payment wasn't a duplicate and it seems to me this wasn't unreasonable in the circumstances.

I note that in one of the telephone discussions that Mr J had with the customer services department at IBUK on 14 January 2022 he refers to the money having been withdrawn from his account and that it is obvious this wasn't a duplicate. However, whilst Mr J obviously knew the payment wasn't a duplicate - as he was the person who had instigated the payment from his bank account and could see the position in that account – this doesn't mean IBUK did anything wrong because it needed to make its own checks to ensure it wasn't a duplicate payment.

I appreciate that Mr J likely opted to send his payment by 'faster payment' because he expected it be the quickest way to credit his trading account. I can therefore understand his growing frustration - evident from listening to his calls with IBUK on 14 January 2022 - when it took as long as it did for the second payment to be finally credited. In saying that I am not justifying the way he spoke to certain of its employees.

However, whilst I can understand Mr J's frustration with the delay in crediting his trading account, I have seen no persuasive evidence that this was the result of undue delay on the part of IBUK. As I have already made clear, I am satisfied that it was entitled to make sure that the payment wasn't a duplicate of the first payment credited the previous day as the limited information provided by way of the faster payments service didn't provide the information that was needed. The employees that Mr J spoke to explained that the matter has been referred to the relevant team and were unable to help him any further with regard to this issue, as I think they made clear.

Mr J's trading account wasn't in breach of the margin requirement as a result of the time it took to credit the second payment to his account, so he didn't suffer any loss as result of this.

My final decision

I don't uphold this complaint for the reasons I have set out above.

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

Philip Gibbons
Ombudsman