

## **The complaint**

Mr F complains that Interactive Brokers (U.K.) Limited (IB) created an e-mail address in his name and opened an account on its platform without his knowledge.

## **What happened**

Mr F said that in 2022, his friends suggested he contacted a named adviser at IB - who I'll refer to as adviser M – about his pensions.

Mr F said that he contacted adviser M in February 2022 about bringing his two existing pensions – held with providers I'll refer to as provider A and provider B - together into a SIPP account so he could then invest in stock and make money. I understand that a SIPP account was set up with a provider I'll refer to as provider H.

On 1 February 2022, adviser M e-mailed Mr F to ask him to print-off, sign and return the two transfer requests he'd partially completed for the transfers from provider A and provider B to provider H.

On 24 February 2022, the IB Client Agreement and Client Relationship Summary was electronically signed in Mr F's name.

Provider A told this service that it received a request through Origo on 8 February 2022 to transfer Mr F's pension to the SIPP with provider H. It said that it couldn't progress the transfer at that time as there was a mismatch to the address provided by the receiver and the address in its system. So it contacted Mr F who confirmed his e-mail address on 18 February 2022. It said the transfer completed on 2 March 2022.

Provider B told this service that the transfer of Mr F's pension to his SIPP with provider H was completed through Origo with an effective date of 7 March 2022. It said it had to ask for proof of address to update Mr F's details during the process. It also said that it had issued a final response letter to Mr F as he had complained about delays.

On 10 March 2022, Mr F's SIPP account with IB was opened online. IB said this was done through his SIPP Administrator. It said that for a client to open a SIPP account with it, they must request this through their Administrator. And that they would have to sign the relevant forms and documentation and confirm the broker they wished the account to be held with. IB said it followed this process with Mr F's account.

On 15 March 2022, £72,114.20 was deposited into Mr F's SIPP account. And on 17 March 2022, 13,264 shares of a microcap company were purchased within Mr F's account, using his user details.

Mr F said he didn't agree to this investment. He thought his adviser had accessed and managed his SIPP account without his permission while he was on holiday. He said he didn't ask for his pension to be invested the way it had been. Mr F said that when he returned from his holiday he tried to contact adviser M without success. He said he'd then tried to contact his SIPP provider. Mr F wanted his full investment returned to him alongside £50,000 as a

goodwill gesture.

Mr F complained to IB on 28 November 2022. He made the following complaint points:

- He said he wasn't aware of holding a SIPP account, or an account with IB. He said the account had been opened with incorrect contact information.
- He said he hadn't made the investment held in his account for a microcap company himself.
- He said that no one from IB had offered any help with selling that investment.

IB issued its final response to the complaint on 7 December 2022. It didn't uphold it. It said it hadn't done anything wrong, or treated Mr F unfairly.

Mr F complained to IB again in July 2023, after first complaining to his SIPP provider. He felt that IB had opened an e-mail account in his name and used that to open his account without his knowledge.

Mr F brought his complaint to this service on 25 July 2023.

IB wrote to Mr F on 1 August 2023 to give him notice of termination and liquidation of positions/assets for his account.

IB issued a final response to the July 2023 complaint on 7 August 2023. It refuted the allegations that it had opened an e-mail account and used it to open Mr F's account. It said Mr F had used the e-mail address in question to correspond with it. IB said that the SIPP provider had started the process to create Mr F's account with it. And that its documentation had then been agreed through its platform and signed electronically by Mr F on 24 February 2022. It said that if the account had been set up without Mr F's knowledge, he should take this up with his SIPP provider.

Our investigator didn't think the complaint should be upheld. She didn't think that IB had done anything wrong. She said there was no evidence that adviser M was linked to IB, so she was satisfied that IB hadn't advised Mr F to start his SIPP account. She also felt that the evidence showed that Mr F had signed the forms required for the SIPP account to be created before he'd gone on holiday.

Our investigator told Mr F that as she understood that provider H was in administration, this service couldn't consider a complaint about it.

Mr F wasn't happy with our investigator's view. He felt that she should've considered his complaint about provider H. And that she: *"should have known Interactive Brokers weren't to blame."*

As agreement couldn't be reached, the complaint has come to me for a review.

### **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.

Having done so, I'm not going to uphold it, for largely the same reasons as our investigator. I know this will be disappointing for Mr F. I'll explain the reasons for my decision.

Before I start, I'd like to say that my decision here only covers the actions of IB. I understand that Mr F also wants to make a complaint with his SIPP provider, but my decision will not look into that. As our investigator noted, as provider H is in administration, we can't consider a separate complaint about it at this time.

I first considered if there's any evidence that IB opened an e-mail account in Mr F's name and used that to open his account without his knowledge.

*Did IB create an e-mail account for Mr F and use it to open an account?*

I considered whether there's any evidence that IB opened an e-mail account in Mr F's name.

During a call with IB on 21 March 2022, Mr F asked IB about updating his e-mail address. He said "...I'm just trying to update my correct e-mail address on here because you've got a different e-mail address for me...." He then stated that the e-mail address IB held for him was: "...a quick one made up to get the account set up." Mr F asked IB to update his e-mail address and it talked him through how to do that online.

I also note that IB said Mr F had used the e-mail address in question to correspond with it.

From what I've seen, I agree with our investigator that if Mr F hadn't agreed to the creation of this e-mail address, he would've told IB during the 21 March 2022 call. I'm also satisfied that Mr F wouldn't have been comfortable corresponding with IB using an e-mail address he didn't recognise. Therefore I'm satisfied that Mr F was fully aware that the e-mail address existed and I've no reason to conclude that IB had anything to do with its set-up.

I next looked at whether the evidence shows that IB opened Mr F's account without his knowledge.

IB has provided this service with a detailed explanation of the steps it has to take to onboard a SIPP account. This stated the following:

1. *The SIPP Administrator opens an account with IBUK (completes our online application and agrees to our terms and customer agreements).*
2. *IB will review and approve the SIPP Admin account.*
3. *The SIPP Administrator will be provided with our online portal to onboard, manage and monitor their SIPP customer accounts. All SIPP accounts are cash only (no margin).*
4. *Through the IBUK portal, the SIPP Administrator will create permissions (trading and market data) for each customer.*
5. *The SIPP Administrator will send an e-invitation to their SIPP customer to start an IBUK SIPP customer application.*
6. *The SIPP customer receives the e-mail, begins by setting up a username and password, and starts an application.*
7. *The SIPP customer completes the IB online application and process.*
8. *If everything is in order, IB approves the SIPP customer account. The SIPP administrator and customer are advised.*
9. *The SIPP administrator funds the respective SIPP customer account.*

10. *Once the funds are in the SIPP customer account, he or she can trade.*

11. *IB responsibilities [are to] act as an execution-only broker (offers no trading or investment advice).*

IB said that provider H, as the SIPP administrator, would've had to trigger the process as Mr F couldn't open an account with it directly.

The steps above show that provider H would have sent an e-invitation to Mr F to start his account. Mr F would then have needed to set up a username and password and complete the application. IB then approved his SIPP account and provider H transferred funds to the account. Mr F could then start trading either directly or through his adviser.

Mr F said that his IB SIPP account was created while he was away on holiday in March 2022. From what I've seen, it seems that provider H set up the IB SIPP account after Mr F had signed the Customer Agreement, the document required for the account to be set up, on 24 February 2022. The Client Relationship Summary was also electronically signed by Mr F on 24 February 2022. This was the documentation IB required for the account to be set up.

The evidence shows that both of these required documents were signed by Mr F before he went away in March 2022. Therefore I'm satisfied that the IB account was set up following the usual process by Mr F and his SIPP administrator. And I can't fairly say that IB did anything wrong here.

I next considered if there's any evidence that adviser M was connected in any way to IB. And therefore whether Mr F received advice from IB to start his SIPP, or made the investment he disputes on his behalf.

*Did Mr F receive advice from IB?*

Mr F told this service that adviser M advised him to amalgamate his pensions with providers A and B to a SIPP with provider H. He believed adviser M was a representative of IB. Mr F said he never met adviser M. He said he just spoke to him on the phone.

IB said that adviser M isn't employed by it or affiliated with it. IB said it is an online, execution-only broker. It provides a trading platform used to execute trades. It doesn't have human advisers and doesn't offer advice or recommendations.

IB also said that the agreements and disclosures Mr F signed when he joined the platform explicitly state that IB wouldn't be responsible for monitoring, supervising or ensuring the trading activity in the account. And that IB customer service personnel are specifically prohibited from providing any investment or trading or tax advice to customers.

From what I've seen, there's no evidence that Mr F received advice from IB. I say this because I'm satisfied that adviser M has no connection to IB.

I next considered Mr F's point that he hadn't personally made the investment held in his account. I've looked to see if there's any evidence that IB, or its representative, made the investment. I've also considered whether IB has tried to help Mr F to sell that investment.

IB said that any trading activity in Mr F's account occurred without any advice or recommendation from it. It acknowledged that Mr F said adviser M had advised him to purchase the stock held in his account. And said that while this might be the case, as he was the only person that had access to make trades within his account, the trade that was made was his responsibility. It also said that he'd confirmed during calls with it in March and April

2022 that he had personally made the trade. So it felt it was more likely than not that he'd been aware of and authorized the trade at the time.

Based on all of the evidence presented to me, I've not found any evidence that IB made the investment in question on Mr F's behalf. But I've gone on to consider Mr F's related complaint point that no one from IB had offered any help with selling that investment.

IB said that Mr F contacted it about closing his position in the investment in March and April 2022. And that during a call, it had walked Mr F through the steps to submit the sell order himself. It said it had explained that the order would be submitted to the market and would execute if and when the market would allow it to. It said there had then been a lack of liquidity in the market for Mr F's investment, which was out of its control. But noted that it had sold what it could of that investment. IB therefore felt it had helped Mr F to sell his investment.

The recordings of a call between Mr F and IB on 21 March 2022 shows that Mr F wanted to find out whether he could withdraw money from his SIPP account. IB talked him through the process for closing his position. It also explained that although he could trade, he couldn't withdraw funds from his SIPP until he reached the minimum retirement age of 55 or 57.

I'm satisfied that the evidence shows that IB did try to help Mr F close his position. Therefore I don't uphold this part of the complaint.

I'm sorry for what has happened to Mr F. But I've not found any evidence that IB has done anything wrong here. So I can't fairly uphold the complaint.

### **My final decision**

For the reasons explained above, I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 21 May 2024.

Jo Occleshaw  
**Ombudsman**