

The complaint

Mr G complains IG Markets Limited ('IGUK') unfairly suspended his CFD trading account following a change of address. He is also unhappy IGUK charged him fees during that suspension.

What happened

Mr G opened a CFD trading account with IGUK in 2016, and also had a share dealing account provided and administered by another entity within the IG group.

Due to his employment circumstances, Mr G often found himself living and working abroad. In recent years that increasingly required him to spend more time in the United Arab Emirates ('UAE') and other countries. On 28 September 2023, he updated his home address with IGUK from the UK to one in the UAE.

In response to that change, on 3 October 2023 IGUK suspended his account putting in place restrictions which prevented him opening new positions. Mr G contacted IGUK to discuss the impact these restrictions would have on him, in particular he was concerned that his account was trading at a loss which he couldn't now take action to mitigate. But IGUK didn't agree to remove the restriction or allow Mr G to open new positions.

Mr G wanted IGUK to transfer his account, or the positions within it, but IGUK told him it wouldn't be able to do that. It explained he would have to open a new account with another provider, suggesting its UAE office. IGUK did however agree to allow him time to close his existing positions.

As Mr G was unhappy with IGUK's position, he complained to the firm. In summary he said:

- The restriction was unfair where IGUK ought to have known about his circumstances as he'd been using the account in the same way for many years.
- If IGUK had concerns about his circumstances, it should've raised them earlier than it did. And had it, he wouldn't have built up the positions which are now trading at a loss, which he couldn't now trade out of.
- He was still incurring fees for his open positions which he can't mitigate by opening new positions against.

IGUK considered his complaint but didn't agree it should be upheld. In summary it said:

- It couldn't provide him with IGUK's UK services when he wasn't a UK resident.
- Due to differences in UK and UAE rules, IGUK couldn't transfer the CFD account which meant Mr G would need to apply to open a new CFD account with IGUK UAE.
- The restrictions were placed on his CFD account in line with IGUK's terms and conditions.

As Mr G remained unhappy with IGUK's answer, he referred his complaint to our service. One of our Investigators considered his complaint and didn't think it should be upheld. He said IGUK fairly restricted the CFD account as its terms allowed it to and it applied those

fairly in the circumstances. He also didn't think IGUK's explanation why the CFD positions couldn't be transferred was unfair.

Mr G responded to our Investigator explaining he was satisfied the matter involving the share dealing account was resolved but disagreed with the outcome reached relating to his CFD account. He reiterated his circumstances and expanded on the reasons why he felt IGUK had acted unfairly in preventing him unwinding his account the way he wanted to. Our Investigator considered Mr G's response but didn't find it changed his opinion.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

Firstly, given Mr G is satisfied the aspects involving the share dealing account are resolved and that account was provided by a different firm in IG's group, I won't comment on the events regarding that account in my decision.

IGUK's terms and conditions say at 27(1)(b) that it can suspend a CFD account where the account holder no longer meets its customer requirements. When suspended in this way, 27(2) says IGUK won't generally allow new positions to be opened but will allow time for positions to be closed.

While these terms give IGUK the right to take such action, I would only expect it to do so if it was fair and reasonable in the circumstances.

An important factor in this complaint is that the regulation of CFDs varies significantly across different countries. IGUK is regulated by the FCA to carry out, among other activities the CFD dealing services Mr G was receiving. But I've not seen IGUK itself is authorised to carry out those activities to residents in any other country, only the UK. IG group operates in other countries through separate companies set up and authorised in those locations to provide CFD services in accordance with the regulatory requirements of those territories.

When Mr G opened his account with IGUK in 2016, it checked his residency by asking him to provide his current and previous home addresses. Both the addresses Mr G gave were in the UK which met IGUK's residency criteria. When he later changed his home address to one in the UAE, IGUK was no longer satisfied it could consider him a UK resident, leading it to suspend his account through the terms mentioned above where it would no longer be able to provide its services where Mr G was now resident overseas.

I understand Mr G's position that being overseas as much as he was and using a debit card for a UAE bank when funding his account means IGUK should've raised its concerns earlier. Which he says would've avoided the losses he is facing now. While I understand and sympathise with his position, I'm persuaded changing his home address from the UK to UAE is a significant factor in IGUK's decision to suspend his account.

I agree with Mr G that IGUK ought to have reasonably been aware of his arrangements overseas given he was using a UAE debit card, and the location of his logons likely showed him to be often overseas. But I'm not persuaded that means IGUK ought to have considered that meant at that time it wouldn't be able to provide Mr G with its UK services. The key factor here is until the suspension Mr G was recorded by IGUK as being a UK resident given his home address was in the UK.

Changing that to the UAE meant IGUK no longer had Mr G recorded as such and would no longer be able to provide dealing services to Mr G where he was now resident – given the regulatory issues explained above.

Mr G did have UAE debit cards on his account, but I'm not persuaded that means IGUK ought to have questioned his residency. I say this because IGUK's systems require the billing address of the card being used matches the home address recorded on the IGUK account, which IGUK has evidenced it would've required Mr G to confirm when adding payment cards to his account. When accepting payments from Mr G, IGUK says those went through without issue. It follows then I think it's likely those addresses were within the UK when they were added and when payments were processed. In any event, where Mr G still maintained a UK address on his IGUK account I'm not persuaded the presence of an overseas address on one of these debit cards ought to have caused IGUK to question his residency. I say this because it wouldn't be unreasonable for it to infer he had a presence in multiple places but still remained a UK resident given the address IGUK held for his account and the responsibility to update his account address lying with Mr G.

At the point Mr G changed the address on his account from the UK to UAE, Mr G was no longer a UK resident. By allowing him to continue to use and trade on the account, IGUK could be potentially offering restricted products and services in a territory it isn't permitted to do so. Given that and as IGUK set out its suspension and restriction terms in a clear, fair and not misleading manner, I'm satisfied it has applied them fairly to Mr G's account.

Turning to Mr G's request to transfer his account or the positions in it, for similar reasons to those explained above given the difference in rules and regulations across territories, I don't think IGUK has acted unfairly. Additionally, the CFD positions Mr G opened with IGUK were contracts between himself and IGUK rather than a tradable asset on the open market. The risk disclosure document, which forms part of the terms of Mr G's account, does in my opinion clearly set this out and also explains those contracts can only be closed by IGUK and that they aren't transferable. There isn't then a mechanism within IGUK's terms to allow such a transfer, and I don't think it's unreasonable given the above that IGUK wouldn't agree to transfer the account, or the positions held in it. It follows then I can't fairly say IGUK would be treating Mr G unfairly by not agreeing to transfer his CFD account, or his positions within it, as its reasons for not doing so aren't unfair.

I've also considered what Mr G has said about charges continuing to apply on his account. I understand the reasons why Mr G feels it's unfair to apply those when his account is suspended, but I'm not persuaded it is. I say this because IGUK's terms don't make any such provision, nor is there any rule or regulation, to say it shouldn't charge fees on suspended positions. His positions remain open which to keep open is likely incurring IGUK costs – such as through its custody and/or hedging charges. Given that, I'm satisfied IGUK hasn't unfairly charged Mr G its fees for open positions during the suspension.

I sympathise with the position Mr G has found himself in, but I need to be fair to all parties when making my decision. And given I've not seen IGUK has treated him unfairly, I can't direct IGUK to compensate him for the losses or inconvenience he says he's incurred by IGUK suspending his account.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 February 2025.

Ken Roberts
Ombudsman