

## **The complaint**

Mr I complains that Trade Nation Financial UK Limited, trading as Core Spreads, should not have allowed him to open a contracts for difference (CFD) account. In doing so, Mr I says he has lost a significant amount of money.

Mr I would now like Core Spreads to refund the £390,000 that he says he has lost.

## **What happened**

In August 2020, Mr I opened a CFD account with Core Spreads. In the months that followed, Mr I undertook a number of trades that resulted in significant investment losses.

In May 2022, Mr I decided to formally complain to Core Spreads. In summary, Mr I said:

- At the time of opening his account, Core Spreads were aware that he had previously traded and lost a significant amount of money in leveraged products and yet despite this, they allowed him to open an account and trade with them.
- Core Spreads failed in their 'duty of care' towards him and said that he has remortgaged his home and taken out other loans of around £200,000 in an attempt to regain the money he has lost. In addition, he explained that Core Spreads failed to ask any questions about how the loss of over £100,000 since November 2021 and a further £140,000 since opening the account had impacted his finances.
- He went on to say that Core Spreads should not have allowed him to continue to trade. He says that they should have advised him to repay his debts first.
- Finally, he said that, as a result of the actions of Core Spreads and the losses he'd accumulated, he had considered taking his own life as he couldn't see a solution to the situation he was in.

After reviewing Mr I's complaint, Core Spreads concluded they were satisfied that they'd done nothing wrong. They also said, in summary, that prior to 6 August 2020, no member of their onboarding team had any existing knowledge of Mr I's financial circumstances or his vulnerable circumstances. In addition, Core Spreads said:

- As part of the account registration process, Mr I had submitted details of his financial standing, appropriateness, product knowledge and experience. Based on the information that he had submitted, they explained that they had undertaken a number of assessments and determined that their services were suitable for Mr I.
- In addition, they also explained that as part of their post-onboarding risk management, they had reviewed the deposits that Mr I had made against the financial declaration that he had submitted at the time of his onboarding. That review established that no enhanced due diligence measures were necessary.

- As an execution only broker, they said that they had not provided any advice and the services they had provided were in line with the client agreement that Mr I had been given at the start of their relationship.

In light of the comments Mr I had made in his complaint about the borrowing he'd undertaken to fund his investments and the impact of the losses he'd suffered, Core Spreads explained that they were terminating their relationship with him.

In response to Core Trades' complaint resolution letter, Mr I explained that he'd been in contact with one of their employees prior to opening his account with them and provided details of WhatsApp discussions that he said proved Core Spreads knew that he'd been borrowing to fund his trading activities and that in light of those discussions, he should have been prevented from opening an account with them.

In response, Core Spreads explained that their position remained the same and they felt that on balance, the WhatsApp messages didn't prove that they should have known about his precarious financial situation in advance of them opening an account for him.

Mr I was unhappy with Core Spreads' response, so he referred his complaint to this service. In summary, Mr I repeated the same concerns that he'd set out to Core Spreads, and that was that he was primarily unhappy that they had allowed him to open an account and despite his losses, they had allowed him to continue to trade.

The complaint was then considered by one of our Investigators. He concluded that based on what he'd seen, he wasn't persuaded that Core Spreads acted unfairly by approving Mr I's account. In addition, our Investigator felt that had Mr I not opened an account with Core Spreads, he would have opened a CFD account with another provider and continued to trade.

Unhappy with that outcome, Mr I then asked the Investigator to pass the case to an Ombudsman for a decision.

After carefully considering both sets of submissions, I issued a provisional decision on the case because I reached a different conclusion to that of our Investigator. I explained that having looked at all of the information provided to this service, I was minded to uphold Mr I's complaint. The purpose of the provisional decision was to provide both parties with an opportunity to gain an insight into my *initial thinking* about the case and to draw out any further evidence from both sides that might be relevant before reaching a final decision on the complaint.

#### What I said in my provisional decision:

In summary:

- After enquiring with Core Spreads about how Mr I had funded his trades, they provided me with a spreadsheet showing that each of Mr I's deposits into his trading account had been made by credit card. I felt that on balance, given the frequency and size of Mr I's deposits compared to the salary he stated that he was earning at the point of application, this should have prompted Core Spreads to probe Mr I's circumstances more closely with him. I felt that had they done, they would've more likely than not established that Mr I's trading had been funded by borrowing rather than excess income.
- After thinking about Mr I's concerns that he should never have been allowed to open an account and then trade with Core Spreads, I explained that from what I'd seen, I was satisfied that Core Spreads hadn't acted unreasonably in permitting Mr I to open and

trade with them originally.

- Finally, I said that I wasn't persuaded that Core Spreads' employee knew enough about Mr I's personal circumstances to have alerted them to the fact that he was funding his trading through borrowing.

Following receipt of my provisional decision, Core Spreads provided this service with further information, which they felt demonstrated that Mr I didn't exhibit any markers of being vulnerable. Core Spreads said, in summary:

- That Mr I had telephoned their helpline and enquired about how he could transition from being a retail client to an elected professional client (EPC). During the discussion he'd had with them, Mr I explained that he met the regulator's minimum requirements of holding at least €500,000 in liquid assets. Core Spreads said that this demonstrated Mr I was a solvent customer rather than one who was encumbered by large volumes of debt.
- The deposits that Mr I had made into his trading account had in fact come from a debit card, rather than a credit card as they had initially suggested. Core Spreads said that this therefore showed that Mr I wasn't funding his trading from credit but rather by savings.
- Core Spreads pointed to Mr I's application form to them at the time of onboarding – they said it also showed rather than funding his trading by income, he was doing so by savings and, given he had told them he had around €500,000 in liquid funds, they didn't believe there were any red flags that they had missed.

In response to the additional information provided by Core Spreads, I wrote to both parties explaining that the insight had persuaded me to alter my thinking about the outcome of the complaint. I invited any final comments from both Core Spreads and Mr I before reaching my final decision, which I explained was likely to be a non-uphold in light of that additional information.

Mr I replied, explaining that he didn't agree with my further assessment. He felt, in summary, that Core Spreads knew more about his personal situation than they were claiming, specifically that they knew he was funding his trading through borrowing. In addition, Mr I also said, in summary:

- That his account manager from his previous trading firm, who Core Spreads now employed, knew full well that he was in significant debt but failed to warn Core Spreads about this.
- Given the volume of losses that he was suffering combined with the deposits he was making, Core Spreads should have probed deeper into his circumstances at the time to stop him from trading.
- Core Spreads assumed that he had the €500,000 in funds without corroborating this by asking for statements. Had they asked for evidence they would have seen that he didn't hold that level of monies.

### **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 have summarised this complaint in less detail than Mr I has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. Instead, I will focus on what I find to be the key issues here, which is whether Core Spreads inappropriately allowed Mr I to open an account with them and undertake trades.

My role is to consider the evidence presented by Mr I and Core Spreads in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having carefully considered what both parties have had to say, I'm not upholding Mr I's complaint. I'll explain why below.

The regulator, the Financial Conduct Authority (FCA), recognises that CFD's generally aren't suitable for most retail consumers. That's because they're complex in nature and they typically involve a high degree of risk because, more often than not, leverage is involved which as well as magnifying profits, can also magnify losses. So, there's a very real possibility that the consumer could lose all of their investment. In light of that, the FCA expects firms offering CFDs to undertake an appropriateness assessment with any consumer wishing to open an account, and that's to ensure that they understand the unique risks that apply to this type of investment. Whilst I won't repeat them in any level of detail here, the rules that the regulator expected firms to follow (at the time Mr I's account was opened) when determining the appropriateness of a CFD account, are set out under COBS 10.1.2R and I've considered these when looking at Mr I's complaint.

The crux of Mr I's complaint is that he believes Core Spreads shouldn't have allowed him to open an account given his personal financial circumstances. So, I've looked very closely at the application form that Mr I completed as part of Core Spreads' onboarding process. And, given the answers Mr I provided in response to the questions about his experience, it seems to me that Mr I is a seasoned trader and understood the risks inherent with investing in CFDs. I say that because when asked about the level of experience he had in trading leveraged products, Mr I stated '*two to four years*'. And, when asked about how often he traded leveraged products on a monthly basis, he responded '*20 to 30 times per month*'. In addition, he stated that he typically traded on a '*weekly basis*' and had '*attended, or have previously attended, independent trading education course*'.

In addition to the responses Mr I provided about his knowledge, he also accepted that he understood the risks associated with trading in CFDs:

*'I confirm that this type of trading meets my investment objectives and that I understand the risks and mechanics of trading in derivatives, that I could lose my initial investment and can bear the financial risks associated.'*

And, even before Mr I had been given the opportunity to complete Core Spreads' application form, the warning message on their website makes it sufficiently clear that CFDs are high risk investments:

*'Financial Spread Bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 72.6% of retail investor accounts lose money when*

*trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.'*

I'm therefore satisfied that Mr I was very much aware of the risks he was entering into by opening a CFD account, particularly given he'd operated one for a number of years at another provider where he'd lost significant sums of money.

In any event, Mr I isn't suggesting that he didn't know that he could lose his monies; he's explained that the account wasn't suitable for him because of his personal circumstances and that Core Spreads should have known that. But, based on what I've seen of Mr I's application form, I don't agree that they should have initially known about the precarious state of his finances. That's because, when asked about his financial standing, Mr I stated on the application form that he had savings and investments of '*over £150,000*' and an annual income of '*£50,000 to £150,000*'. So, on the face of it, Core Spreads was presented with a consumer who appeared to have the requisite knowledge and experience to invest in CFDs and as such, met the requirements set out in COBS 10A. So, I don't think it was unreasonable that Core Spreads approved Mr I's CFD application based on the information that he provided to them.

Mr I has explained to this service that he believes he is a vulnerable customer and that's because of the nature in which he's funded his investment activities. Mr I has explained that he's re-mortgaged his home, borrowed monies off family members and taken out personal loans in an attempt to chase his increasing losses. He went on to say that Core Spreads were aware of this at the time he applied for the CFD account. But, from what I've seen of the information that Mr I provided within the onboarding process, I think it was reasonable for Core Spreads to rely on it. And, from the information that he disclosed (his employment, financial standing and experience of trading), there was nothing that I think ought to have alerted Core Spreads to his potential vulnerability at that stage.

As I've already explained, before applying for an account with Core Spreads, Mr I had already traded CFDs for a number of years. Prior to August 2020, he held a CFD account with a business that I shall call 'Firm M' and he had the benefit of an account manager at that firm who I shall call 'Employee L'. In May 2020, Employee L resigned from Firm M and moved to Core Spreads on 1 July 2020. In his complaint, Mr I has stated that Employee L offered to facilitate the opening of an account at Core Spreads for him, but Mr I says he was advised by Employee L not to mention his debts. Mr I went on to say that he was told by Employee L that if Core Spreads were to learn that his monies had come from a complaint settlement (made against Firm M), they may be reluctant to accept him as a customer. After interviewing Employee L, Core Spreads have disputed Mr I's version of events and state that no such discussions took place.

As part of his complaint submission, Mr I has submitted six pages of WhatsApp messages showing the text message discussions that he'd held with Employee L between 21 May 2020 and 20 January 2022. I've studied those messages carefully, and given the volume of them, I don't intend to repeat them all here; rather, I will focus on the ones most relevant to the complaint. On 3 August 2020, Mr I messaged Employee L: "*I wanted to chat about Core Spreads accounts and how things work with the trading there*". It then seems there were a number of missed calls between both parties until on 6 August 2020, when the following discussion took place:

21:54 Mr I: "*can you send me some info on Core Spreads?*".

21:54 Employee L: "*Sure, like what?*".

21:56 Mr I: *"what the platform is like, different types of account and spreads etc? Can chat if it's easier?"*

22:00 Employee L: *"I am working now as on lates, finish at 10. Best if phone",* and then immediately after: *"tomorrow morning?"*.

22:16 Mr I: *"Days are hectic at the moment. After 1530 might be ok".*

22:17 Employee L: *"I'm on lates tomorrow mate, but can schedule 10 mins with you not a problem".* And then: *"let me know when is good and we can sort".*

22:20 Mr I: *"After 10 tonight is fine too if that's not too late?"*

22:31 Employee L: *"Sure"*

23:39 Mr I: *"WhatsApp call please as the phone reception where I am is rubbish"*

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00:22 Mr I: *"working late?"*

00:23 Employee L: *"10 mins mate"*

00:23 Mr I: *"No hurry my end"*

13:19 Employee L: *"Hi mate, did you sort?"*

13:20 Mr I: *"Yep, started an account last night".*

From what I've seen, it appears the first time Mr I decided to properly explore opening an account with Core Spreads wasn't until 3 August 2020. But, despite their various message exchanges after that, no discussions appear to have taken place between the two parties about the mechanics of opening the account ahead of Mr I completing the online application with Core Spreads on 6 August 2020 at 23:31. So, despite what Mr I says about Employee L telling him what to note on his application and that he would forewarn the Core Spreads Onboarding Team to approve Mr I's application, it would seem that Mr I had already applied for the CFD account before having a discussion with Employee L that evening.

From what I've seen of Core Spreads' application process, it appears to be automated to determine whether it meets the appropriateness threshold. And, based on the content of Mr I's submission, it met that threshold without any involvement needed from Employee L. Based on the nature of the WhatsApp messages, the timing of Mr I's submitted application and its content, I think that on balance, it's more likely than not that Employee L did not try and influence what Mr I should include (or not divulge) within his application to Core Spreads. And, I also think it's unlikely that Employee L did try to influence Core Spreads' decision making on whether to offer Mr I a CFD account or not.

Whilst I should acknowledge the fact that other interactions may have taken place prior to 6 August 2020 between Mr I and Employee L about opening an account with Core Spreads, I've not seen anything to persuade me that Employee L offered any direction (or warranties) to Mr I about how he should approach such an endeavour.

Mr I says that Core Spreads must have known about his debts and the fact that he was chasing losses because of his long standing relationship with Employee L at Firm M, who then subsequently moved to Core Spreads. In his submissions to this service, Mr I shared

details of a complaint that he'd made to Firm M in May 2020, about being incorrectly categorised as an elected professional client (EPC). In that complaint letter, he explained to Employee L that he had lost 'excessive amounts of money and facing debt from re-mortgaging my house to taking out numerous additional loans'. As a resolution to his complaint, he stated: '*I would like to continue to trade with [Firm M] going forward and in the interests in resolving the issue quickly and without further escalation I would be content if [Firm M] reclassify me as a retail client and refund the net funds I have deposited since 3 Jan 19*'.

It seems clear to me that despite Mr I's significant losses at that point, he didn't wish to be prevented from undertaking further trading. Firm M offered Mr I a settlement to resolve his complaint. He then opened a new CFD account with Core Spreads and started trading there. It was only after nearly two further years of trading that Mr I raised a complaint about the actions of Core Spreads. But, given Mr I already knew about the appropriateness of CFD accounts (because he'd already complained to Firm M in May 2020), I think he could have raised his concerns sooner, but he chose not to. Mr I says that he was reluctant to address any of the issues with Core Spreads because he considered that they were 'doing him a favour' by allowing him to continue maintaining an account despite his financial history and bad debts. But, I well suspect that Mr I knew that Core Spreads weren't aware of his debts because he'd not disclosed them to them during the relationship until he made his complaint in August 2022 – at which point, Core Spreads did exactly what Mr I suspected they would do and stopped him from trading. But, it was only after his trading decisions and loss chasing failed, that he decided Core Spreads hadn't treated him fairly.

I've thought about whether Employee L did enough to alert Core Spreads to Mr I's financial situation. Whilst he was Mr I's account manager at Firm M, at Core Spreads, other individuals were responsible for supporting Mr I, so he had no direct involvement in the running of Mr I's account. I also think it's important to remember the nature of the relationship that Mr I had with Core Spreads (and which I suspect was also the same at Firm M). Mr I was an execution only client, that meant Core Spreads was not responsible for advising him or managing his positions. He alone was responsible for deciding how much money to deposit, when to open trades and on what markets, monitoring those positions, and when to close them. But, I've seen nothing to persuade me that Employee L had enough knowledge of Mr I's personal financial circumstances to forewarn Core Spreads that there might be a problem with Mr I's solvency. In any event, as I've already set out, I'm of the view that Employee L didn't have any involvement in the onboarding of Mr I's application into Core Spreads, so he wouldn't have been aware of what information Mr I did and did not disclose to Core Spreads in his application.

Once Mr I had been onboarded by Core Spreads, their responsibility towards him didn't come to an end. So, I've looked closely at the actions of both Mr I and Core Spreads immediately following the onboarding process and thought about the degree to which it was fair and reasonable for Core Spreads to have allowed Mr I's trades to have been undertaken without intervention. Whilst the regulator doesn't obligate firms to undertake an *ongoing* appropriateness assessment where consumers are trading complex financial instruments, they do expect firms to have an awareness of what their customers are doing. Whilst there aren't any specific rules covering this, it is covered more broadly under the regulator's Principles rules (sometimes referred to as 'PRIN'). And, the two that are most relevant in Mr I's case are PRIN2 and PRIN6:

- *PRIN 2: Skill, care and diligence – a firm must conduct its business with due skill, care and diligence*
- *PRIN 6: Customers' interests – a firm must pay due regard to the interests of its customers and treat them fairly.*

But, wider than this, the regulator also expects firms to be alert to consumers who may be exhibiting markers of potential vulnerability and as such, may require a heightened level of care. Based on what Mr I has shared with this service (and Core Spreads), it's evident to me that he's a vulnerable customer because he has limited financial resilience - he's been borrowing large amounts of monies (and from family members too), and using those funds to compulsively spend and chase his large losses. Whilst I recognise that it's easy to spot these types of issues long after the event, I'm of the opinion that based on what Core Spreads knew of Mr I and his circumstances, there weren't any warning signs of potential vulnerability in his trading and account management behaviour that should have alerted them to the fact that something wasn't quite right – and I'll explain why.

In the financial declaration that Mr I completed at the time of his onboarding, he stated that he had an annual income of '*between £50,000 to £150,000*'. In addition, Mr I also stated in the application form that his savings were in the '*over £150,000*' bracket and importantly, that he would be funding his trading through his savings, rather than income. After receiving my provisional decision, Core Spreads provided the transcript of a telephone conversation that Mr I held with them on 21 August 2020 at 12:09. During that discussion, he enquired about upgrading his account to an elective professional client (EPC) despite the fact that he had only recently complained to Firm M about the inappropriateness of being categorised as such, several months prior.

Mr I stated to Core Spreads that he was aware of the regulator's three criteria that must be met before they could consider re-categorising him as an EPC. He went on to explain that he wouldn't meet '*the one of working in the industry*' (but could meet the other two requirements). Mr I then went on to ask: '*in terms of the finances at the moment I've got them in kind of different accounts. You'd want a statement, a print out of that statement would you?*'. He then asked the Core Spreads call-handler to clarify how much in GBP the equivalent €500,000 requirement equated to, querying if £450,000 based on current rates was correct, which Core Spreads then confirmed was broadly about right. Mr I then asked for a copy of the EPC form to complete.

I don't think that left any doubt in Core Spread's mind that Mr I met the EPC criteria (including holding the minimum €500,000), particularly in light of the fact that he also stated that he'd had EPC status at Firm M.

Mr I stated on his application form that he was funding his trading through savings and investments. He then noted his savings were in the '*over £150,000*' bracket. So, when he then rang up Core Spreads shortly after opening his account and enquired about transitioning to EPC status because he had funds equivalent to or in excess of €500,000, I don't think Core Spreads had any reason to be concerned about how he was funding his trades, particularly because Mr I's later actions (of making a large volume of regular deposits) were not inconsistent with his earlier conversation with them. And, it would also seem that Mr I raised the prospect of moving to EPC status not once, but twice with Core Spreads.

Mr I says the fact that he didn't apply for EPC should have prompted Core Spreads to have raised questions about his eligibility and suitability, not acceptance that he met the two requirements. However, it's not that simple – that's because even though Core Spreads had held a conversation with Mr I about changing to EPC status, until such time as he submitted an application form to them for consideration, he would still be treated as a retail client. Core Spreads are not allowed to actively promote EPC status to him – the regulator requires the consumer to approach the business about upgrading (and not the other way round) so I don't believe the fact that Mr I's failure to submit an EC application form would have reasonably set off any alarms at Core Spreads.

I've looked closely at Mr I's trading patterns, including when and how he made deposits along with the withdrawals that he also requested. During the course of his relationship with Core Spreads, Mr I made the following payments into his trading account:

Deposits			
2020	August	£20,000	All by debit card - 10 different payments
	September	£40,000	
	October	£40,000	
	Total:	<u>£100,000</u>	
2021	February	£60,000	All by debit card - 15 different payments
	March	£55,000	
	June	£30,000	
	September	£30,000	
	November	£30,000	
	Total:	<u>£205,000</u>	
2022	January	£100,000	Bank transfer
		£25,000	Debit card
		£25,000	Bank transfer
	Total:	<u>£150,000</u>	

Core Spreads originally provided this service with a detailed spreadsheet that stated each of the deposits that Mr I made into his account (with the exception of two), were all by credit card. They have since clarified that the credit card payments were in fact made by debit card. So, whilst the original source of Mr I's monies may have been through re-mortgaging his home, I therefore don't think Core Spreads could have reasonably known the original source of those monies (particularly in light of his earlier remarks) were from borrowing either against a credit card or his house.

Having thought about the manner with which Mr I funded his account, even if the monies were borrowed, I don't think Core Spreads had any way of knowing that he had re-mortgaged his home. Core Spreads aren't required to undertake a credit check on their customers and Mr I didn't inform Core Spreads that he'd borrowed those funds to trade. And, having looked again at the mortgage information that Mr I provided – his mortgage is made

up of four sub-accounts; sub-account one and two and the re-mortgage on his sister's property were all taken out *before* he opened his trading account with Core Spreads. Mortgage sub-account three and four (totalling £175,000) were opened in January 2022, just prior to Mr I complaining in May 2022, so the larger part of Mr I's trading activities were all funded by monies he'd already acquired *prior* to becoming a Core Spreads customer.

In any event, Mr I had told Core Spreads that he met the EPC criteria of holding at least €500,000 in savings, so given his losses (over the period within which he was trading with them) didn't exceed his stated deposits, I don't think there were any red flags that Core Spreads missed, particularly when despite only opening his account in August 2020 and depositing £100,000 over the course of three months, Mr I also made ten withdrawals totalling £65,000. Whilst there appears to be some questions about why Mr I made the volume of deposits he did, given the timing of those payments, it would appear that a number of them were as a consequence of a cap, or a limit banks placed on the value of a single transfer in one instance. But in any event, the total value of the payments that Mr I made into his account weren't misaligned with his stated wealth.

I'm broadly satisfied that Core Spreads knew their responsibility to Mr I didn't end at the onboarding stage and understood the regulator's expectations under the PRIN rules. I say that because Core Spreads have explained that they continually monitor all consumers' accounts, but they say that they saw nothing untoward with Mr I's actions or trading patterns, which they feel would have alerted them sooner that he could be a vulnerable customer.

Whilst Mr I's judgement may have been clouded by his losses, I can't ignore the fact that he's an experienced trader and knew full well of the implications of his actions. Mr I has stated that when he received a financial settlement from Firm M (of £20,000) following his complaint, he should have been advised to pay off his debts rather than invest the monies. However, that ignores the fact that Mr I chose not to disclose his debts to Core Spreads but more importantly, that they weren't providing Mr I with an advice service. Mr I was trading as an execution only customer; that meant Core Spreads were not required to undertake a detailed assessment nor provide personalised financial advice to him - the decision on how much money and when to invest was Mr I's alone.

### Summary

By the very nature of the activity they're undertaking, CFD traders typically suffer large losses, and they also tend to trade frequently; Mr I suffered large losses and from what I've seen, traded regularly. But, despite what Mr I says, that doesn't necessarily always indicate a consumer is vulnerable.

Core Spreads can only act on the information provided to them, and from what I've seen, they acted in good faith based on what Mr I shared with them when he opened his account and during the duration of their relationship with them. I think it's more likely than not that had Core Spreads understood the state of Mr I's finances (and more specifically his debts) at the time of his application to them, they would have most certainly prevented him from opening the CFD account. And, I think on balance, Mr I likely knew that too because he chose not to disclose the extent of his borrowings to them until he formally complained to them. So, in light of that, I think it's more likely than not that even if Mr I hadn't opened an account with Core Spreads, he would've still opened an account with another provider and continued to trade.

I do appreciate that the outcome of my decision will not be as Mr I had hoped. But, as I've already explained, CFDs are high risk investments, and most retail consumers typically lose money when investing in them. Whilst Core Spreads made clear to Mr I that trading in CFDs is high risk, I'm satisfied that based on his previous trading history and experience, he

already understood this. And, having looked closely at the various email exchanges and telephone transcripts that have subsequently been provided to me, I'm not persuaded that on reflection, there were indicators which should have alerted Core Spreads to the fact that Mr I was a vulnerable customer that would have allowed them to put a stop to his trading activities sooner.

I don't think it was unreasonable for the business to rely on the information that Mr I had provided to them about the level of savings that he held. And, as I've already explained, I've not been persuaded that Employee L had a sufficient enough knowledge of Mr I's personal circumstances to have alerted Core Spreads to the perilous circumstances of his finances. So, I think on balance, based on the information that Core Spreads knew of Mr I, I can't conclude that they treated him unfairly. I'm not persuaded that in the specific circumstances of Mr I's case there were any particular reasons that ought to have prompted Core Spreads to unilaterally stop him from doing something he clearly wanted to do – and for which the questionnaire he completed suggested that he had significant experience of, and ample warning of the risks.

I'm satisfied that the losses sustained were therefore trading losses incurred by Mr I's trading decisions, and not caused by something Core Spreads did or didn't do and as such, I'm not upholding Mr I's complaint.

### **My final decision**

I am not upholding Mr I's complaint and as such, I'm not instructing Trade Nation Financial UK Limited, trading as Core Spreads, to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 25 July 2024.

Simon Fox  
**Ombudsman**