

The complaint

Mr Q complains about incorrect advice he was given in relation to the shares he held with IG Trading and Investments Limited (IG) causing him financial loss.

What happened

Mr Q purchased shares with IG and contacted them on 16 November 2023 seeking guidance on adding a stop at \$3.50 on his shares. He said he was placed on hold for seven minutes, as well promised a call back which didn't happen. In this time the share price moved against him.

When he called IG again, he was advised to set a limit order which he did, but this resulted in the sale of 5550 shares at \$3.93. Although, he was able to repurchase these shares, he had a shortfall of 400 shares due to the higher purchase price at \$4.20. When he complained to IG, they offered him £200 as a gesture of good will.

In their final response letter on 9 January 2024, IG said they wouldn't uphold his complaint. They say the first call with IG was placed at 14:17 (UK time) before the US markets sessions started at 14:30 (UK time), so his shares would have been impacted by a lower price even if the stop loss had been placed before the markets opened.

They also apologised for the level of service Mr Q received and acknowledged he should have been transferred to a dealer who would have been able to assist him better. As a gesture of good will, they offered Mr Q £1600 which represents half the price difference between his initial share price at \$3.50 and the higher purchase price at \$4.20 for the 5150 shares purchased.

Mr Q rejected this offer and brought his complaint to this service. To resolve his complaint, he would like to be paid the full difference in his initial price paid and the higher purchase price for the 5150 shares purchased, in addition to 400 shares allocated to him to make up the shortfall. He would also like to be compensated for the poor customer service he experienced.

An investigator at this service considered the complaint and said IG did not have due regard for client needs and communicate information to them in a way which is clear, fair and not misleading. He also said, IG had failed to follow his instruction and caused the losses Mr Q incurred. He concluded that IG should put Mr Q back in the position he would have been had the shares not incorrectly closed when they did and pay him the difference in value between sale price and re-purchase price of 5550 shares. He also awarded Mr Q £300 in compensation.

IG didn't agree with the investigators findings and so this has come to me for a final decision.

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 have come to the same conclusion as the investigator and for broadly the same reasons.

At the Financial Ombudsman Service, our role is to consider complaints brought to us, and based on the evidence provided, establish whether the business complained of have been fair and reasonable in their actions. We don't tell a business how it should operate and that is a matter for the regulator the Financial Conduct Authority to consider. Our role is not to punish a business, but to resolve the dispute with a view to put a consumer back in the position they'd have been in if the error had not happened.

In reviewing the evidence, my key considerations were to look at what Mr Q intended to do, whether IG understood what this was or did enough to understand this and if so, look at whether they communicated their advice effectively. I have also considered the customer service element of Mr Q's claim.

The phone calls between Mr Q and IG on 16 November 2023 play a critical role in understanding what happened. In his call to IG at 15:46, he specifically asked the adviser how to set a limit. He asked, *"how do I set a limit so if the stock goes underneath this limit, it automatically cashes out."* He also later asks, *"How do you set a limit so that if your stock drops to a certain price it will automatically cash in?"*

I appreciate why IG adviser thought he wanted to set a limit order because the language used – *setting a limit*, suggests that is what he wanted to do. However, Mr Q also asks about what to do if the stock *"drops to a certain price"* which suggests a limit order may not have been the right course of action.

I do believe in both these terms are used interchangeably across the industry and different retail customers use these in different contexts. IG with their wider expertise should have been aware of this, and the onus is on them to have taken better care to understand what it is that Mr Q wanted to achieve. This could have been achieved simply by asking Mr Q further questions. It would have clarified if a limit order or stop order (or neither) was the most appropriate way forward.

Alternatively, IG could have outlined the various options available to him and the effect of each of these. This would have enabled Mr Q to make an informed decision about what would be the best course of action for him. Whilst I appreciate information detailing the different orders is on IG's website, the fact remains that he has called IG to obtain guidance and they have not had due regard to the information he needed. Mr Q relied on the advice he was given, followed the instructions they gave him which led to the wrong course of action being taken and losses he suffered.

Mr Q repurchased the same shares at a higher price within minutes of the inadvertent sale, which convinces me further that it was not his intention to sell the shares and the advice he was given was what led to this exact outcome. Overall, I am persuaded Mr Q had no intention of selling his shares and he was looking for guidance that would help him set parameters for protection. I am not satisfied IG did enough to understand what he was trying to achieve, nor did they explain the different options available to him.

In their service complaint response, IG have taken responsibility for the level of service provided, as such I have focused this part of my investigation on what I consider to be fair and reasonable compensation. In doing so, I need to establish what losses Mr Q has

suffered and whether the level of distress and inconvenience payment to him was reasonable for the level of impact he's suffered.

Putting things right

On 16 November 2023 Mr Q called IG, but because there was no one available to assist him, he was promised call back. The call was not returned resulting in Mr Q having to make contact again. I recognise how stressful this must have been for him and how he would have been put in a difficult situation particularly as he needed guidance on how to protect his position with the share price movement.

I have also explained above that IG failed to understand what he was trying to achieve and didn't make sufficient effort to do this. This resulted in Mr Q being put in a difficult situation which has caused him a great deal of distress and inconvenience. As such, IG should put Mr Q back in the position he would have been in had the errors above not occurred. They should calculate and pay the full price difference between Mr Q's initial share price at \$3.50 and the higher purchase price at \$4.20 for the full 5550 shares.

IG offered to pay him £300 recognition of the service issues which I think is fair and reasonable given the circumstances I've mentioned above.

My final decision

For the reasons given above, I uphold this complaint against IG Trading and Investments Limited. They should award redress as noted above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 14 March 2025.

Naima Abdul-Rasool
Ombudsman