

## **The complaint**

Mr B complains that StoneX Financial Ltd (trading as City Index) didn't appropriately inform him of the status of his account. He says as a result of not being informed, his trades were closed when they otherwise wouldn't have been, causing him losses.

## **What happened**

Mr B traded Contracts for Differences (CFDs) with City Index. It's common ground that this involved Mr B being required to maintain a certain amount of margin in his account.

This was expressed as a percentage, namely Mr B's account equity (made up of cash on deposit and the current value of his open positions at any given time) as a proportion of the margin requirement for his open positions.

It's also common ground that once this ratio dropped under 50% - in other words, Mr B's account equity was below 50% of the margin requirement for his open trades – City Index could close his positions without warning or permission.

Mr B has said he's had his City Index account for many years. And for most of that time, City Index would send him emails when his account equity breached both 100% and 75% of his margin requirement. He said that has allowed him to take action, adding funds to his account for example, to prevent his account breaching the 50% level and his trades being closed.

In late 2023, Mr B said on a number of occasions City Index failed to send these alerts. In particular he highlighted occasions where, after funding his account following a 100% margin warning, he thinks City Index's system failed to "reset", meaning when his account subsequently fell below 100% margin coverage again, he didn't get a warning.

Mr B complained. He said as a result of City Index failing to send these warnings, he wasn't able to manage his account as he wished and he suffered losses by virtue of his trades being closed.

City Index didn't uphold his complaint. It focussed on one occasion in October 2023, and said it had sent Mr B warnings at 100%, 75% and 50% of his margin requirements. It said under the terms of Mr B's account it was his responsibility to monitor his account and maintain the appropriate level of margin.

Mr B brought his complaint to our service where one of our investigators looked into things. He didn't think City Index had treated Mr B unfairly. He thought on balance that City Index had provided warnings in a reasonable time. And he noted that there was in any event, there was no requirement for City Index to provide Mr B with a warning before closing his positions.

Mr B remained unhappy and asked for an ombudsman to decide the matter. He said this issue had never happened before but was now happening repeatedly. And he felt City Index's system failures unnecessarily caused trades of his to be closed, resulting in capital losses. He thought City Index should compensate him for that.

## 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.

Some of the investigation and correspondence about this complaint has focussed on whether or not City Index sent Mr B warnings when his account breached the 100% and 75% margin coverage levels. Mr B maintains that on several occasions, it didn't do so.

I don't think I need to make a finding about whether or not these notifications were in fact sent. I say this because even if I found that City Index had on one or more occasions *not* told Mr B about the breaches of those levels, I wouldn't uphold his complaint or require City Index to refund the losses that Mr B is claiming for. I'll explain why.

As I've said it's common ground that once Mr B's account reached 50% of the margin requirement City Index could close his trades. Mr B has asserted that City Index ought to have ensured it was warning him before that to allow him to take action. He has said it needed to do so to help protect client funds.

I've given weight to the written information City Index provided about how it would manage or inform Mr B about his account position in advance of a 50% margin breach. I've considered the terms of Mr B's account (which he'd have had to agree to in order to open the account) as well as the information on margin and margin close out on City Index's website at the applicable time.

Clause 11.1 of the terms of Mr B's account tell him that his trades may be closed once his account falls below the "*Margin Close Out Level*" (which was 50%). It goes on to say that "*It is your responsibility to monitor your Account(s) at all times and to maintain your Margin Level above the Margin Close Out Level.*"

On City Index's website, on a support page detailing various aspects of margin trading, it has a section on margin close out which says "*We strongly recommend that you monitor your margin level carefully, as you should not expect to receive a warning prior to closure.*"

Overall I'm satisfied that City Index made it clear that by using its services Mr B was agreeing to take responsibility for monitoring the margin level on his account. And that it had specifically told Mr B he may not receive warnings before City Index closed his positions, and that he shouldn't expect them to be sent.

I have considered carefully, on the other hand, Mr B's submission that he'd held this account for a long time and always received these warnings before. He's said he'd come to rely on them as a tool for managing his margin. While I can understand Mr B's choice there, I don't think it follows that it would be fair to hold City Index responsible for the consequences of him doing so.

I'm satisfied that City Index never committed to Mr B contractually or otherwise to provide warnings at particular levels. And in fact it told him he shouldn't expect that to happen. I'm also not aware of any wider regulatory obligation on City Index which would have obliged it to warn Mr B in this way. It needed to have regard for Mr B's interests and treat him fairly, and Mr B is right that it had obligations in relation to protecting Mr B's assets.

But I don't think those obligations extended to helping Mr B protect himself from market related losses on his account. Or that it failed to take into account Mr B's interests by telling him it wouldn't always send warnings about his margin coverage.

Ultimately Mr B's losses were caused by trades he placed which moved against him. City Index had told Mr B he needed to monitor his account and margin level. So whether or not it sent notifications which it had previously done, I don't think it would be fair or reasonable to say such a failure caused Mr B's losses, or that it would be fair to require City Index to compensate Mr B for those losses.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 April 2025.

Luke Gordon  
**Ombudsman**