

The complaint

Mr K has complained about the amount of funds invested when trading with eToro (UK) Ltd ('eToro'), errors occurred, and he says he has been scammed. To put the matter right Mr K would like his funds returned and compensation for damages.

What happened

Mr K had been a customer of eToro since March 2021 carrying out Contracts for Difference ('CFD') trades via its mobile app. He was concerned that when trading eToro took more money than he intended on trading. In May 2024 he carried out two trades on his mobile on-phone app, one in Tesla and one in CleanSpark but the trades didn't complete as he expected. He raised a complaint with eToro.

eToro acknowledged Mr K's complaint which it said was being investigated. It offered \$100 to resolve the complaint in the meantime. Mr K remained unhappy and brought his complaint to the Financial Ombudsman Service.

Our investigator who considered the complaint didn't think eToro needed to do anything more. He said;

- For Mr K's trade in Tesla, the minimum exposure at 5x leverage was \$50, which is why there was an increase in Mr K's input of \$40.
- For his trade in CleanSpark, Mr K had initially selected \$45 with 1x leverage which he increased to 5x leverage but there was a default minimum exposure at 5x leverage of \$50. Mr K tried to reinput \$45, but the app defaulted to \$50 which Mr K then confirmed as a 'Buy', and the order was filled with exposure of \$10 with 5x leverage. \$10 was the unleveraged amount but with 5x leverage this increased to minimum exposure of \$50.
- He was satisfied the orders executed correctly and Mr K was made aware of the minimum exposure. He was also satisfied eToro provided sufficient information to help its customers understand how to place an order and the minimum exposure that applied to different asset classes.
- eToro had offered \$100 as a gesture of goodwill to resolve the complaint but this didn't mean it had accepted liability or that the complaint should be upheld.

Mr K didn't agree with the investigator.

As the complaint remains unresolved, it has been passed to me for decision in my role as ombudsman.

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.

After doing so, I've reached the same conclusions as the investigator and broadly for the same reasons. I'll explain why.

I'm aware I've set out the background to this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every point made by the parties involved. No discourtesy is intended by this. Instead, I've focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Mr K was trading CFDs, which involve leverage. This means a trader only needs to put down a small amount relative to the total size of the trade. For example, with 1x leverage a \$10 trade would give a position with a value of \$10. But with 5x leverage that \$10 investment would give a trade with a value of \$50 (or 5x10).

eToro sets minimum trade sizes for users of its platform. I think that's something it's entitled to do. And my understanding is this is to ensure the trades are large enough to be meaningful for both trader and eToro.

eToro's minimum trade sizes are expressed in relation to the *exposure* a trade represents. In other words, it's the value of the trade, not the amount invested, that it requires to be above a certain level. The minimum trade size is different for different amounts of leverage.

To carry out his trades, Mr K used the eToro app on his mobile phone. He sent us videos of the two trades in particular which I have had the opportunity to review.

CleanSpark trade

For this trade Mr K initially chose exposure of \$45 with leverage at 1x. He then increased the leverage to 5x at which point I can see on the phone screen it clearly and prominently displayed in red writing 'The minimum exposure at this leverage is \$50.' So, in line with what I have explained above the app defaulted to the minimum exposure of \$50 which was \$10 with a 5x leverage, because any smaller trade wouldn't have satisfied eToro's minimum trade size at that leverage. Mr K tried to revert back to \$45 exposure at 5x leverage but the app defaulted to \$50 exposure. The minimum exposure warning was shown again but Mr K continued and clicked on the 'Buy' button to confirm his trade which showed at the bottom of the screen as 'ORDER FILLED BUY \$10.00 CLSK.'

Tesla trade

Mr K entered a trade at \$40 with a leverage of 1x. He then increased the leverage to 5x and the warning appeared in red writing saying, 'The minimum exposure at this leverage is \$50.' The app defaulted to the minimum exposure. Mr K then clicked on the 'Buy' button and the order was confirmed on the screen at \$10 with a leverage of 5x.

I'm satisfied that in both instances Mr K was clearly warned about the minimum exposure amounts. The amount of leverage chosen doesn't alter that amount. Whatever leverage Mr K chose, the minimum exposure in both cases remained at \$50. eToro is entitled to set what minimum exposure it applies to each asset.

In response to the investigator Mr K said the investigator's opinion was 'irrational, unreasonable and unrealistic.' He also said the investigator was 'attempting to cover up the fraud and allow further victims to be ripped off.' And he said that unless eToro placed the trades that the trader agreed to or wanted, it was fraud and meant the trader wasn't in control of their trading or finances. eToro was.

But I disagree with Mr K about this. I think what Mr K is saying in here is that he only wanted to trade with funds of \$45 and \$40. But this wasn't possible because of the minimum exposure amounts for both assets.

I think it was made quite clear to Mr K when placing both trades that a minimum exposure would apply. And the app automatically reverted to that minimum exposure upon the application of additional leverage. I'm satisfied that if Mr K wasn't happy with the minimum exposure limits applied by eToro, he was free not to complete and trades and to trade elsewhere.

However, for the reasons given, and as explained above, I think this complaint has arisen because of Mr K's misunderstanding about how the trading and app worked. But looking at eToro's website there is a lot of information available as well as tutorial sessions he could review if he needed to know more. But overall, I don't find the eToro is at fault, has acted unfairly or unreasonably or done anything wrong.

It follows that I don't uphold Mr K's complaint. I know Mr K will be disappointed with the outcome. It's clear he feels strongly about his complaint, and I'd like to thank him for the time and effort he has spent in bringing it. But I hope I have been able to explain how I why I have reached my decision.

eToro has already offered Mr K \$100 as a gesture of goodwill in an effort to resolve the complaint. It's not unusual for a business to do so and in making such an offer isn't its acceptance it has made an error or an admission of fault which Mr K says it is. It's a voluntary offer of payment and in my view is a demonstration of eToro's commitment to good relations and an attempt to resolve the complaint on good terms.

If Mr K hasn't already done so, it is now for him to decide whether to accept or reject eToro's goodwill offer of \$100.

My final decision

For the reasons given, I don't uphold Mr K's complaint about eToro (UK) Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 8 August 2025.

Catherine Langley
Ombudsman