

The complaint

Mr H complains that IG Index Limited ('IG') should've stopped him from trading on its platform.

What happened

In March 2020 Mr H opened a spread betting account with IG. As part of that he completed an online appropriateness test which IG used to decide whether an account was appropriate for him. For that he provided information to IG including about his trading experience and knowledge and his financial circumstances.

IG deemed that Mr H had passed the test and so an account was appropriate for him.

Each year after that Mr H gave IG updated information about his financial circumstances.

In January 2024 Mr H complained to IG. He said he'd lost a significant amount of money over the past two years, and IG hadn't intervened to assess whether his account remained appropriate for him. And IG had allowed him to fund the account using credit cards, which should've raised concerns with IG.

IG didn't think it had done anything wrong. In summary it said the following:

- Mr H's responses to the appropriateness test showed he had experience trading derivative products and his declared earnings and savings indicated he had the financial means to maintain a leveraged account.
- The rules of the regulator, the Financial Conduct Authority (FCA), allowed IG to rely on information provided by its customers for the appropriateness test.
- The decision to open and use an account was Mr H's. And it was his responsibility to understand the risks and costs involved. He'd confirmed he'd read, understood and accepted IG's Risk Disclosure Notice. The Notice said, amongst other things, that 70% of retail customers lost money when trading with IG, and IG wouldn't monitor on his behalf whether his deposits or his profit and loss were consistent with the financial declarations he made to IG. It said, *'It is up to you to assess whether your financial resources are adequate for your financial activity with us ...'*
- IG allowed customers to fund their accounts through various methods, including credit card, and IG wasn't responsible for how Mr H used credit cards.
- IG had now closed Mr H's account based on information he'd now provided which said he was having difficulty maintaining his leveraged account and he experienced uncontrollable trading activity which he likened to gambling.

Mr H wasn't satisfied with IG's response. So he referred his complaint to this service. He said IG had failed to verify his declared income and savings to ensure his trading activity was affordable and safe. He said his trading activity was disproportionate to his declared

savings and this had caused him to be in debt. He wanted IG to put him back in the position he would've been in had IG '*done appropriate checks after the gambling scaled up after the first year of activity*'.

One of our Investigators looked into Mr H's complaint. He didn't think IG had done anything wrong. In summary he said the following:

- COBS 10A.2 set out IG's obligations when assessing the appropriateness of its services for Mr H. In response to IG's appropriateness test Mr H told IG he had experience trading derivatives. IG was satisfied Mr H had sufficient knowledge and experience that an account was appropriate for him.
- If Mr H had failed the appropriateness test, the rules in COBS 10A.3 would've required IG to warn Mr H of the risks of trading.
- According to the yearly updates he gave IG Mr H's income and savings either increased or stayed at the same level each year.
- Under COBS 10A.2.6 IG was entitled to rely on the information provided by Mr H unless it was aware the information was manifestly out of date, inaccurate or incomplete. So IG wasn't obligated to carry out further affordability checks.
- Rules against allowing the use of credit cards to fund gambling accounts didn't apply to spread betting because spread betting wasn't classified as gambling.
- When IG was made aware of Mr H's circumstances it closed his account to protect him from further losses. There was no evidence IG was aware or ought reasonably to have been aware that Mr H had problems before he told IG about his problems.
- Mr H had made losses, and the investigator empathised with his situation, but IG had made him aware he might lose his money, and it was entitled to allow him to fund his account with a credit card.

Mr H didn't agree with the investigator's view. He didn't give any reasons or provide any further information, but he asked for a decision from an ombudsman.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a 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'm not upholding the complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

I'm not persuaded IG was under any obligation to proactively monitor the appropriateness for him of Mr H's account in the way he's suggested it should have. The FCA rules required IG to assess the appropriateness of an account for Mr H before he began trading with IG. IG did

that and its determination that an account was suitable for Mr H was reasonable based on Mr H's declared experience and knowledge of trading. The rules didn't require IG to monitor appropriateness on an ongoing basis. And under the FCA rules IG had an express entitlement to rely on the information Mr H provided for the appropriateness test, unless the information was manifestly out of date, inaccurate or incomplete. I haven't seen that IG had any reason to think the information was out of date, wrong or incomplete. So I find IG fulfilled its obligations to assess appropriateness and I think its conclusion was fair and reasonable.

I also can't say any scrutiny of Mr H's subsequent trading activity ought reasonably to have prompted IG to intervene. I haven't seen anything in Mr H's trading history that should've marked him out as different from the other traders IG would've had as customers at the time. As IG disclosed in its risk warning to Mr H, 70% of retail investors lost money when trading with IG, so the fact Mr H was making losses, even significant ones, wasn't atypical for this type of high-risk trading.

The volume of Mr H's trading and the losses he made weren't manifestly out of proportion with the financial circumstances he declared to IG. And I can't say IG ought reasonably to have second-guessed the financial information Mr H disclosed to it.

If IG had reason to think Mr H was in vulnerable circumstances I'd expect it to have taken steps to understand his position and possibly to have intervened in his trading activity. But I'm not persuaded that in the circumstances of this case IG ought reasonably to have determined that Mr H was in vulnerable circumstances. His trading losses and the frequency of his trading didn't of themselves indicate vulnerability. IG asked Mr H to update his declared financial circumstances each year, and Mr H didn't declare anything that indicated he was struggling to cope financially. Once Mr H told IG he was having financial difficulties and he likened his trading activity to problem gambling, IG acted swiftly to close his account. I don't have any basis to say IG should've done that sooner than it did.

Before providing him with an account IG ensured Mr H was aware of the risks associated with trading. While I understand why Mr H considers that IG should've taken more steps than it did, I've seen no evidence that it missed an opportunity to identify a vulnerability or otherwise better support him in using its services.

Similarly, I'm not persuaded the use of credit cards indicated that IG needed to intervene in Mr H's trading activity. There was no regulatory rule preventing IG accepting deposits by credit card. And customers could use credit cards to fund their accounts without necessarily spending money that's outside the limits of what's affordable for them. So the use of a credit card for payments wasn't of itself a basis for considering Mr H to be in vulnerable circumstances.

Overall, I'm sorry to know Mr H has been experiencing difficult financial circumstances. But I can't conclude IG has treated him unfairly or unreasonably in the circumstances of this complaint. So I'm not requiring IG to do anything.

My final decision

For the reasons I've set out above, my final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 April 2025.

Lucinda Puls
Ombudsman