

The complaint

Mr R complained about StoneX Financial Ltd (trading as Forex.com). He said he couldn't access his trading account that he has with StoneX. He said he had open positions at the time and wasn't able to make decisions about them.

Mr R said StoneX are responsible for him not being able to gain access to his account and subsequently for his losses incurred. He said it should compensate him for this.

What happened

Mr R had a Forex trading account with StoneX. He said on 5 September 2022, he held several open positions and was about to open more. He said the market was volatile and he needed to regularly monitor his position.

Mr R said he tried to gain access to his account on 5 September 2022, but it was blocked. He said he tried several ways to gain entry but couldn't do it. He contacted StoneX customer support a week later on 12 September 2022, and it told him his account was blocked. It said he needed to check and confirm his personal data, for access on his account to be unblocked by it.

Mr R said StoneX didn't notify him that he needed to do this. He said he didn't receive a warning or email about it. He said it was only because he contacted its customer support that he found out what the reason was. He said because of this, StoneX caused him financial detriment as he had been for a period of time, unable to take actions in relation to his open positions on his account. He complained to StoneX about this.

StoneX said in response that on 12 September 2022, Mr R contacted its customer service team and was informed that it had placed restrictions on his account, as Mr R's information was out of date. It said Mr R needed to update his personal information held on account for anti-money laundering (AML) reasons.

StoneX said on 12 September 2022, Mr R confirmed and updated his information with its customer service team, and it removed the restrictions from his account. It said it had put the restrictions on Mr R's account on 2 September 2022 and said it could see Mr R had made a loss of around \$48 between 2 September 2022 and 12 September 2022, the period of time that the restrictions applied. But it said, it didn't uphold Mr R's complaint and said it wasn't going to compensate him for this.

StoneX pointed to clauses in its terms and conditions and said it had regulatory obligations to update Mr R's information. It said it sent several emails to Mr R asking for him to do this, but this didn't happen. It concluded it communicated with Mr R about what it needed and then placed restrictions after it had given Mr R enough time and warnings about what it was going to do. It said it acted fully with its terms and conditions and was complying with AML regulations.

Mr R was not happy with StoneX's response and referred his complaint to our service. According to our rules, Mr R had six months to do this, but he referred his complaint after

this time. Because of this, our investigator asked StoneX's permission to investigate Mr R's complaint on its merits. StoneX gave its permission, so the investigator looked further into the merits of his complaint.

The investigator said she didn't think StoneX needed to do anything further. She said StoneX gave Mr R enough information and sufficient notice to take the necessary action to satisfy its request for information. She said it had a regulatory obligation to request the information with regards to AML.

Mr R is not in agreement with the investigator's view. He said he could not accept her findings. He made three points:

- He felt StoneX had breached normal business behaviour. He said it was not being fair and has not followed normal business rules and spirit.
- He said it constantly charged him fees instead of freezing his account, until the issue was resolved. He said he set up hedge positions and then didn't use his account to prevent any misinterpretation of the state of the account.
- He said StoneX had accepted responsibility for the issue and offered to pay him \$47.93 compensation. He said the issue that remains is how much compensation, something he hasn't been able to agree with it.

The investigator responded to Mr R's comments and said StoneX was entitled to apply its usual terms and conditions including charging its customers for use of its services, even if a complaint is raised. She said StoneX hadn't accepted responsibility or offered compensation for Mr R's complaint.

Mr R said in response that StoneX could apply its terms and conditions, but this is different and is about a situation when it blocked his account and access to services, without providing any information. He said it is obvious that in this situation, StoneX's software had some malfunctioning, where its software just blocked access to his account.

I issued a provisional decision on this complaint on 1 August 2024. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"As I have already mentioned, our service asked StoneX for its permission to investigate the merits of Mr R's complaint. This is because Mr R referred his complaint to our service longer than the 6-month time period that he had to do so, as set by our jurisdiction rules. As StoneX gave its permission, the investigator looked into Mr R's complaint on its merits, and I have proceeded to do the same.

I have independently reviewed Mr R's complaint and have arrived at the same outcome as the investigator, for broadly the same reasons. I will explain why.

Mr R said StoneX had accepted responsibility for restricting his account and had offered him compensation of \$47.93, but that he didn't accept it. He wanted StoneX to put his account balance back to what it was on 5 September 2022 when he tried to get access to his account but said he was blocked.

I have read through the submissions provided by both parties and in particular a letter from StoneX that it sent to Mr R in response to his complaint, where it mentioned the notional figure of \$47.93. I can see clearly that StoneX had not taken responsibility for causing any detriment to Mr R and did not uphold his complaint. I can see it was explaining in its

response instead, the losses it felt Mr R had made during the period that it placed restrictions on his account. It then went on to conclude that it was not responsible for any losses incurred by Mr R and that it was not upholding his complaint. So, I don't think Mr R is correct when he said StoneX had taken responsibility for what he said happened in his complaint.

With this in mind, I can see the two parties are still in dispute about what happened here. Mr R thinks StoneX has made failings by not notifying him properly about what it required of him or about the restrictions it placed. StoneX on the other hand doesn't think it has done anything wrong.

I have looked at the restrictions StoneX placed on Mr R's account because Mr R said he couldn't obtain access to his account. But StoneX has told our service it didn't stop Mr R from obtaining access to his account. Instead, StoneX said initially on 3 August 2022, it restricted Mr R from withdrawing money from his account. It said it then restricted Mr R on 2 September 2022 from opening new trading positions. So according to StoneX, Mr R was able to, all along, manage his open positions.

I have looked at this and can see a spreadsheet from StoneX where it has listed activity on Mr R's account. I can see on this sheet that there is an entry on 2 September 2022, where it listed that it had restricted Mr R's account for new business. It has also sent a screenshot to our service about the process it follows in obtaining information for AML purposes. Within this screenshot it shows that StoneX restricts withdrawals on account first and then restricts trading in new business. The screenshot also outlines the wording it would use to notify its clients about this too.

So, when I see this screenshot and StoneX's spreadsheet relating to Mr R's account, and in the absence of any other supporting information from Mr R about him not being able to gain access, I think on balance, these were the restrictions that StoneX placed on Mr R's account. On balance I am persuaded Mr R wasn't able to carry out new trades on his account between 2 September 2022 to 12 September 2022. I can see he then contacted StoneX on 12 September 2022, provided the information it needed, and these restrictions were lifted.

I have then looked at the reason why StoneX placed restrictions on Mr R's account. It said it did this because it had requested information from Mr R over several months. Again, this was in relation to StoneX's obligations under AML regulations. It said because Mr R did not respond to its requests to update his personal information, it had to restrict his account, until Mr R was able to provide what it needed.

StoneX has listed the number of times, the dates, and the heading of each of the emails it sent Mr R and to which email address it sent them. It has also shown which emails Mr R opened. I can see StoneX sent emails to Mr R from January 2022 and on the due date it said it needed the information by, this being 2 March 2022. It said Mr R opened the email on this date. As I have already said, it has shown a screenshot of its process and what it said it would have been saying in its emails. I can see from this screenshot that it aimed to warn Mr R that it was going to restrict his account and what these restrictions were going to be, namely that he wouldn't be able to make withdrawals and that he wouldn't be able to open new positions.

StoneX has shown our service that it continued to send messages to Mr R, on 12 March 2022 and 1 April 2022 about the information it needed and potential restrictions it would need to place on his account if he didn't provide it with what it needed. Mr R has mentioned previous emails going to his spam folder and also email addresses sent from StoneX that he said he didn't trust as it didn't look authentic. I acknowledge what Mr R has said to a

degree, but StoneX has provided information to demonstrate that it sent a several emails within plenty of time, to Mr R about obtaining information from him. It has recorded down that he opened some of these too. So, on seeing this I am satisfied StoneX provided Mr R with enough notice and attempted to obtain the information it needed under its AML obligations. I do not uphold Mr R's complaint that StoneX didn't notify him about what it required. I think it is clear from what StoneX sent to Mr R that it gave him enough warnings that it was going to place restrictions on his account.

On 3 August 2022 StoneX restricted Mr R's account so he couldn't make withdrawals. It then restricted his account further on 2 September 2022 so that he couldn't open any new positions or make any new trades. This means, based on what I have already found, Mr R was able on 5 September 2022 to access his account and manage his open positions, but he wasn't able to open new positions.

I have thought about what this meant for Mr R when he tried to log into his account on 5 September 2022. I think Mr R had a range of options. He could have contacted StoneX on 5 September 2022 if he was having problems logging in. Mr R was also, as I have already concluded, able to manage or close his open positions. Or alternatively, Mr R was able to again, on the same day, contact StoneX to provide it with the information it needed to lift its restrictions. So, with what I have said in mind, I don't think StoneX has done anything wrong here, it allowed him to manage his positions and was on hand to assist Mr R if either he needed help logging in or he wanted to provide the information it needed to lift its restrictions.

StoneX said it carried out its actions within its terms and conditions. I have looked through these and can see the terms that it has referenced about this. I don't think, based on what I have already found, and what I have read in its terms, that StoneX has acted unreasonably or unfairly here. It has communicated what it needed from Mr R on a number of occasions, tried to resolve matters, and then acted so that it could comply with AML regulations. I am satisfied StoneX hasn't done anything wrong here.

Finally, Mr R said, after the restrictions were lifted, he had to act on his account and hedge his positions, all the while StoneX charged him fees. He said StoneX should have frozen his account until his complaint was resolved. But I don't think StoneX needed to do this and was entitled to charge fees on Mr R's account, within the terms and conditions of Mr R's account. As I have already found, Mr R was able to manage his open positions at any stage and so there was no reason for StoneX to take any action here, as Mr R has described.

I appreciate that my decision will be disappointing for Mr R, and I acknowledge the strength of his feelings in the submissions provided. But based on everything I have read and the findings I have given, I don't currently uphold his complaint."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision.

Stone X has not responded to my provisional decision by the deadline I set.

Mr R responded on 29 August 2024 and made the following points:

- He said he didn't think I was right to conclude StoneX gave him enough information and sufficient notice to respond to its request for information.
- He questioned the methods StoneX used to contact him and said it used a different domain not related to it. He said he's not surprised its emails went to his spam folder. He also asked on a few occasions why it didn't send messages

directly to him on its platform.

- He asked if it was fair that StoneX blocked him in the middle of his trading activity which led to his losses, without it sending him a message on its platform about why it blocked him.
- He said StoneX should only have acted if it received a decisive response from him – so only if it had feedback from him that he didn't want to provide the information.
- He said it is not true that he could obtain access to his account, and it was blocked. He said he could not access his account.
- He said why would he contact customer service to complain and ask for help to gain access if there were no restrictions to him gaining access to his account.
- He said StoneX blocked his account and confirmed this in email correspondence he has already provided.
- Mr R said it is obvious from the transaction statements that the account was blocked as there was no activity from him during this period.

Mr R said that my conclusion about him opening emails is an argument that has no grounds. He said mobile phones and other devices work to an extent that messages can temporarily pop up and a user can sweep them out and carry on with their current work or consider them junk. He said this was not a reason to say he read the emails sent.

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 want to assure Mr R that I have carefully read his submission and considered all the points that he has made. But I'm not going to respond to every issue raised, in particular if it is not material to the outcome of Mr R's complaint or I have already provided an answer in my provisional decision.

Instead, I'm going to focus my decision on any relevant new points raised by Mr R and what I see as the central issues to his complaint. I don't intend this as a discourtesy, rather it reflects the informal nature of our service and my role in it.

Mr R has asked why StoneX didn't message him through its system. He said he would have picked up those messages and acted on them.

Mr R also has questioned the methods StoneX used to communicate to him and suggested that it ought to have gained a decisive response from him about whether he was prepared to provide the information or not from him, before acting.

I again acknowledge the points Mr R has made here, but StoneX has provided a list of all the times it sent an email to him and when according to its system, he opened them. So, although I understand Mr R would have liked StoneX to communicate with him through its system and gain a response from him, I can see that it tried to do this through an email on five occasions, two of which it could see Mr R opened.

StoneX sent an email to Mr R on 31 January 2022, 20 February 2022, 2 March 2022 (opened by Mr R), 12 March 2022 and 1 April 2022 (again opened by Mr R). When I see the attempts StoneX has made to contact Mr R about the information it required and what it said in these emails, I think on balance, it gave him enough notice about what it needed and the actions it intended to take if he didn't provide it with what it needed. I don't think it was being unreasonable here.

Mr R has questioned the method that StoneX used to contact him and suggested alternatives, but I can see that the messages were delivered to the email address he has used to communicate with, and it was recorded by StoneX that he did open some of these emails.

Mr R said my conclusion about him opening emails is an argument that has no grounds, but I disagree with him. It shows me, in the absence of any supporting information that says otherwise, that on balance, Mr R opened emails from StoneX about the issue he is complaining about. I can see that StoneX had tried on several occasions to communicate with him and obtain what it needed and gave warnings regarding the action it felt it needed to take to protect his account. Mr R has said it is the case that these messages could have been swiped away or considered spam, but I don't think I can hold StoneX responsible for how Mr R decided to deal with these messages.

Mr R has also questioned the domain name that StoneX used in its emails. StoneX has explained that the domain name is associated with an authentication process that it uses to protect it and its users from cybercrime. But in any case, I have read what StoneX would have said in these emails, and I think it is unlikely that they could be considered spam or suspicious. Rather as I have already mentioned, StoneX were asking Mr R to provide information for its AML requirements.

Finally, Mr R said he couldn't access his account and that the conclusions I had drawn about what restrictions StoneX applied and when, were incorrect. I can't say for sure what happened, and I acknowledge Mr R said he couldn't gain access to his account on 5 September 2022. But I have seen a spreadsheet from StoneX, where it has listed out the restrictions it placed on Mr R's account. Within this spreadsheet, there is no mention of a total block or restriction of access. Rather, instead StoneX has shown that it applied a restriction on 3 August 2022, where he couldn't withdraw funds from his account. Then on 2 August 2022, there is an entry on its system that shows it then restricted new business.

In conclusion, based on the information provided, on balance I don't think StoneX has been unfair or done anything wrong in how it has gone about things in all the circumstances of Mr R's complaint. I can see it was acting within the terms and conditions of Mr R's account in placing restrictions when it did and has demonstrated that it had made sufficient attempts to gain the information it needed beforehand. Although I do acknowledge the comments Mr R has made here, they do not persuade me that anything else has happened here, so I don't require StoneX to do anything further and it follows that I don't uphold his complaint.

My final decision

My final decision is that I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 27 September 2024.

Mark Richardson
Ombudsman