

The complaint

Mr R complains that IG Markets Limited (“IG”) wrongly closed one of his open contract for differences positions at zero. He wants IG to pay him what the contract was worth and refund the overnight interest charges he’s paid whilst the contract was open.

What happened

Mr R has an execution only contract for differences (“CFD”) trading account with IG. In May 2021 he bought a long CFD in a company I’ll refer to as “G”.

G shares were acquired by another company, which I’ll refer to as “E”; and G shares were delisted. In summary, the key events in the timetable were as follows:

May 2022	E made a cash tender offer for G shares of €18.05 per share.
7 November 2022	The offer was authorised.
13 December 2022	The acceptance period closed.
20 December 2022	G announced that, because E now held over 75% of its shares, E had placed a standing order to purchase all remaining shares at €18.05 per share.
7 February 2023	G shares were delisted.

IG emailed Mr R on 28 November to tell him about the cash offer and to tell him he needed to instruct IG if he wanted to accept it. Mr R didn’t reply, so IG didn’t take any action on his behalf.

Mr R said he contacted IG on 9 February for an update but didn’t receive a response. In May he contacted G direct, and it told him about the standing order to purchase the remaining shares. He contacted IG three times during July and August but didn’t receive a response. On 18 August he complained to IG. He said he wanted his open position closed at €18.05. And he said he’d continued to pay overnight interest charges and wanted these refunded from the date of the final purchase of the remaining shares.

On 29 August IG closed Mr R’s open position in G at zero. In its response to his complaint, it said that, because Mr R hadn’t accepted the cash offer, his position was closed at zero to reflect the takeover. It said it had acted in line with its agreed terms. It apologised that there was a delay in closing the position from when the public announcement about the completion of the acquisition was made. But it said it was reliant on its broker for confirmation of the position.

It apologised that it hadn’t responded to Mr R’s emails and that promised call backs weren’t made. It offered to pay Mr R £150 by way of an apology for the poor service he’d received.

Mr R didn’t accept that offer and referred his complaint to us.

Our investigator didn’t recommend that the complaint should be upheld. He concluded that Mr R hadn’t accepted the cash offer and in doing so he knew the stock could be declared

worthless. He didn't think IG needed to tell Mr R about the standing order to purchase announcement, because this was mandatory and didn't require his instructions. And he didn't think IG had acted wrongly in closing his position at zero.

Mr R didn't agree. He said, in summary, that G did not become worthless; it was purchased at €18.05 per share. He wants to know why he hasn't received this value.

My provisional decision

I was satisfied that, when E's offer for G shares was authorised in November 2022, IG communicated this to Mr R and asked for his instructions. I found Mr R didn't reply to this communication, so I concluded IG wasn't obliged to take any action on his behalf.

But I explained that Mr R's complaint was about the action IG took in response to the standing order to purchase all remaining shares at €18.05 per share in December 2022. I didn't agree with our investigator's conclusion, and I explained why. I said:

Communication of the standing order to purchase all remaining shares at €18.05 per share.

IG didn't tell Mr R about this because it was a mandatory offer. Whilst it may have been helpful for this announcement to have been communicated to Mr R, I don't find there was any obligation on IG to let him know about the offer because IG didn't require Mr R's instructions. And clearly Mr R was monitoring the position and had the information about what was happening because he contacted IG about it.

Why was Mr R's position closed at zero?

IG told us it was reliant on its broker to "book the event" and that it reflected the position in Mr R's account as instructed by its broker.

IG said its broker booked the event at zero. I can see that IG queried this, but the broker told it that "the event is paid as liquidation event which means worthless where no cash is involved [sic]". It's not clear why the broker had to book the event at zero, because cash was involved. But this explains why Mr R received confirmation that his position had been closed at zero. I think this was confusing and misleading for Mr R. But I find IG did have to reflect what its broker had booked, and that it reasonably queried this before it reflected that booking in Mr R's account.

But I'm satisfied from what IG has provided to us that, whilst Mr R's open position was closed at zero, IG received the value of €18.05 for each of his shares. IG received €4,512.50 which it converted into sterling, and it paid £3,841.04 to Mr R's account on 25 January 2024. (For clarity, this evidence has only recently been received from IG so the investigator wasn't aware of it when he reached his conclusion.)

Did IG act within reasonable timescales?

G shares were delisted on 7 February 2023. IG closed Mr R's open position on 29 August 2023. And, from the information it's provided, it looks like IG credited Mr R's account with the amount he was owed on 25 January 2024.

Mr R was paying overnight interest charges whilst his position remained open, so I've considered whether IG could've closed his position earlier than it did.

IG told us it was beholden to its brokers and couldn't reflect the position in Mr R's account, or pay him the amount he was owed, until it received confirmation of the position from its broker and it received the cash proceeds. Its broker didn't book the event until 24 August 2023. And IG queried the value and was able to close Mr R's position within two working days, which doesn't seem unreasonable.

But I've considered whether IG should've been more proactive here. It told us it would usually wait for the broker to book the event but suggested that it might follow things up if a client alerted it to the fact that other brokers had processed the event, and it was experiencing delays. It said Mr R wanted IG to follow things up shortly after the announcement, which it thought wasn't a reasonable expectation.

Mr R contacted IG two days after G's shares had been delisted and, whilst IG should've been able to give Mr R clear details of what he could expect to receive, I think it was too soon for IG to expect its broker to have booked the event.

But Mr R also contacted IG three times during July and August 2023 – five to six months after the mandatory offer. IG didn't respond to Mr R, and I've not seen evidence that it contacted its broker to find out why it was taking time to book the event. I can't conclude with any certainty that, had IG contacted the broker, the event would've been booked any sooner than it was. So I'm not minded to conclude that IG should refund its overnight interest charges. But, had IG contacted its broker, at least it may have been able to give Mr R an explanation for the delay and an expected timescale.

So I think IG could've done more here to provide better customer service. Its lack of action has caused Mr R some distress and inconvenience and I think IG should pay him compensation. I consider £100 to be fair and reasonable in the circumstances.

IG only recently sent evidence to show the sum of £3,842.04 had been credited to Mr R's account. This shows his account was credited on 24 January 2024 – around five months after his position was closed. IG hasn't provided any explanation for why it took so long to credit Mr R's account. I think it's unreasonable Mr R was without this money during this period, and I think it's fair that he receives interest, at 8% simple per annum, from 29 August 2023, when his position was closed, to 24 January 2024, when his account was credited.

Did IG provide clear information to Mr R?

Mr R received confirmation that his position in G shares had been closed at zero. I can't see that IG told him that he was due to receive a payment or told him when that payment had been made. IG didn't mention the mandatory offer in its response to Mr R's complaint, even though this was the subject of his complaint. And when Mr R contacted IG in July and August 2023 to try to find out what was happening, he didn't receive promised call backs and the emails and chats he did receive gave him wrong information – IG told him his position was worthless because he didn't accept the earlier offer.

IG offered Mr R £150 for the poor service he'd received – primarily that he didn't receive the promised call backs. I don't think this reflects the fact that he was given wrong information, and that this wasn't clarified in response to his complaint. I think £250 fairly reflects the distress and inconvenience Mr R was caused due to IG's lack of information, and misinformation.

In coming to this conclusion, I've taken into account that IG says it was Mr R's

responsibility to “*follow up*” on his own investments. But I find Mr R did exactly that – he contacted IG and, when it couldn’t clarify things, he contacted G direct. He then contacted IG again because he knew it hadn’t correctly reflected what had happened in his account. IG should’ve been the expert here and should’ve known that it owed Mr R the proceeds of the mandatory cash offer when it closed his position.

Responses to my provisional decision

Mr R said he hadn’t realised he’d received the money in January. He said that in his account it shows the position was closed in the year 1070 and he would like this corrected. And he raised concerns about IG deleting his emails.

IG agreed with my provisional 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.

As neither party has provided any new evidence or information, I see no reason to depart from my earlier conclusion.

We have shared Mr R’s concerns about the date in his account and his emails with IG. IG said its records correctly show the date as 29 August 2023. And that it doesn’t have access to Mr R’s emails so couldn’t delete them. But it said it would contact Mr R to see if it could assist him further. I think that’s fair and reasonable, and I don’t require IG to do anything more.

My final decision

For the reasons I’ve explained, my final decision is that IG Markets Limited should:

1. Pay Mr R £350 for the distress and inconvenience he’s been caused.
2. Pay Mr R interest at 8% simple per annum on £3,841.04 from 29 August 2023 to 24 January 2024 inclusive. *

* HM Revenue & Customs requires IG Markets Limited to take off tax from this interest. IG Markets Limited must give Mr R a certificate showing how much tax it’s taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 14 October 2024.

Elizabeth Dawes
Ombudsman