

## The complaint

Mr S has complained that StoneX Financial Ltd, trading as Forex.com ('StoneX'), closed his CFD trading account (number ending 606) because of inactivity with unrealised losses of around US\$200,000.

## What happened

Mr S had been trading with StoneX since March 2011. Sadly, he was diagnosed with cancer and in November 2023, during his treatment, his account was closed because of inactivity. Mr S said he had provided information to StoneX on its 'Wellbeing' page in August 2023 about his circumstances but hadn't received any response. Mr S also said that because of his poor health he hadn't traded every day, but he regularly logged into his account. Mr S said he had held other accounts that had been inactive, but these weren't closed so he raised his concerns with StoneX.

Stonex responded to Mr S not upholding his complaint. It said;

- It had sent him an email on 2 November 2023 confirming it would be closing all his accounts in 30 days.
- Because its products are complex and high risk it has safeguards to protect its customers from harm.
- It reserved the right to close a client account if it wished to do so as per its terms and conditions.
- It had taken reasonable steps in helping Mr S offboard.
- In accordance with its terms, it wasn't liable for any client for loss of profit or opportunity.

Mr S wasn't happy with the outcome so brought his complaint to the Financial Ombudsman Service. Our investigator who considered the complaint said;

- StoneX didn't act unfairly in closing the account but the information given was confusing so it should pay Mr S £100.
- The reason for closing the account was a business decision because of Mr S' residency.
- StoneX's terms made clear it could close an account at any time with written notice, which had been provided. So, it hadn't acted unfairly.
- StoneX had no record of Mr S informing it of his poor health via its Wellbeing page in August 2023, only in December 2023 after his account was closed. In any event StoneX would still have needed to close his account.
- StoneX had responded to Mr S' notification of his health in December 2023 and explained the account was closed and couldn't be reopened. It wasn't unreasonable for it not to have responded to Mr S' further Wellbeing page input in June 2024 as it had already informed him his account was closed and couldn't be reopened.

Mr S didn't agree with the outcome. He said for the size and prestige of StoneX he thought the 'penalty' should be in the region of £100,000. He had been misled about his account being closed. He was offered the opportunity to open a different account if he would like to trade. He didn't think the Wellbeing page was genuinely designed to help, and he hadn't received any response to his further comments made in June 2024.

### **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 should first explain the role of the Financial Ombudsman Service. Mr S has referred to a more suitable resolution for StoneX to put things right as a 'penalty' of £100,000. The Financial Ombudsman Service's role isn't to fine or punish businesses, that is for the regulator, the Financial Conduct Authority. This service is an informal dispute resolution service set up as a free – to consumers – alternative to the courts. The purpose of this decision is to set out my view on what I think is fair and reasonable in the individual circumstances of the complaint having considered everything.

#### Account closure

On 3 November 2023 StoneX wrote to Mr S to inform him his account was being closed, which happened on 4 December 2023. In its message to Mr S StoneX said;

'Following a recent review of your account(s) ending [606] and in accordance with clause 29.4 of our General Terms, we are writing to inform you that due to inactivity on your account(s) we will close your account(s) in 30 days' time.'

Since Mr S brought his complaint, StoneX has clarified that the actual reason for closing his account was his country of residency. StoneX told us that in 2023 it made a business decision to offboard clients in Mr S' residency. The project to do so was launched in November 2023 and Mr S was written to on 3 November.

I can't tell a firm how it should run its own business. That is for the firm to decide. But what I can do is look at the outcome of the firm's decision and the impact that has had on its customer. In this case while it is clearly unfortunate that StoneX was no longer willing to service customers in his country of residence, I can't agree that it acted outside of its General Terms which Mr S agreed to at the time he became a client. Those terms state;

'29.4 In addition to any other rights specified in this Agreement, we may cease to offer a Product or end this Agreement and close your Account at any time by giving you 14 days' written notice. This is in addition to any other rights to end this Agreement and/or close your Account which we may have. In the event that we cease to offer a Product or a Market, you shall agree to close any Open Positions relating to such Product or Market during the 14-day notice period unless otherwise instructed by us. After the 14-day notice period, your Open Positions in relation to such Product or Market will be automatically closed out.'

After reading those terms, I'm satisfied they apply to StoneX's right to terminate an agreement a customer had with it and close the account. It also gave Mr S 30 days' notice. So, I can't agree StoneX has done anything wrong by acting on those terms.

However, I do accept that StoneX gave an incorrect reason for closing the account – inactivity rather than Mr S’ residency. And in my opinion, it was this reason that caused Mr S upset, particularly bearing in mind his health and him having to seek treatment that took him away from home. Mr S has told us it was that which prevented him from trading on his account or logging on as often as he had previously done, so he was upset this was the reason for the account closure.

The investigator recognised this and recommended that StoneX pay Mr S £100 for this misinformation and the upset he has been caused. And I agree that sum is a fair reflection of the upset that Mr S was caused. But I should stress that despite StoneX misinforming Mr S of the reason for the account closure, I can’t see that has had any impact on its decision to close the account. It was closed for a different reason – his residency – and because of that reason StoneX has confirmed that the account will remain closed and can’t be reactivated.

#### Wellbeing page

I am very sorry to hear of Mr S’ poor health and no doubt this has been an extremely difficult time for him. Mr S told us that he approached StoneX via its Wellbeing page in August 2023 but didn’t receive any offer of support or response. He doubts StoneX is genuine in its use of this page.

We asked StoneX about this, but it told us it didn’t have any record of Mr S making contact on 4 August 2023. The earliest it received anything from him was on 15 December 2023, but this was after his account had been closed. It had responded to Mr S to offer its sympathy but confirmed the account had been closed by that time and couldn’t be reopened. And because of the actual reason for the account closure – residency rather than inactivity – about which I appreciate Mr S wasn’t aware at the time, I don’t find this response unreasonable.

Clearly, I can’t know what happened to Mr S’ submission sent via the Wellbeing page in August 2023. But StoneX doesn’t have any record of it being received and I am taking what StoneX has told us at face value. I say this because it has provided all of the other information we have requested that is pertinent to the complaint as I would expect to see from a regulated business, so I don’t see any reason to doubt or question why it wouldn’t provide a copy of Mr S’ submission if it had received it. And we know that StoneX did reply to Mr S’ submission sent in December 2023, so it seems most likely it does respond to customer’s use of the Wellbeing page.

Mr S contacted StoneX again in June 2024 but didn’t receive any reply. But by this time his account had been closed for six months and Mr S had already been advised in December 2023 that the account had been closed and couldn’t be reopened. So, I don’t find it unreasonable that StoneX didn’t respond further.

I empathise with Mr S’ position. His account has been closed against his wishes at a difficult time for him. But taking all of the above into account I can’t agree that StoneX has acted incorrectly in closing his account. I accept he was misinformed as to the reason StoneX closed his account – and that was upsetting for him bearing in mind his current circumstances – but that doesn’t take away StoneX’s right to close his account in line with the terms of its business that Mr S agreed to when he opened the account.

### **Putting things right**

So, I don't uphold Mr S' complaint about the account being closed. But StoneX should pay Mr S £100 for the upset he was caused by the misinformation he received about the reason for the account closure.

### **My final decision**

For the reasons given, I don't uphold Mr S' complaint that StoneX Financial Ltd, trading as Forex.com, shouldn't have closed his account. But I do find Mr S was misinformed about the reason for his account being closed so award £100 as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 November 2024.

Catherine Langley  
**Ombudsman**