

## The complaint

Mr C has an account with IG Markets Limited ('IG') and he has complained as he says he has been the victim of a 'pump and dump' scam. He says that IG should have detected the suspicious and fraudulent activity that was taking place in the stock he was trading in. He wants IG to reimburse the losses he suffered of £23,500. He says his is mentally struggling.

## What happened

Mr C opened a Contracts for Difference ('CFD') trading account with IG on 11 In April 2024. Mr C was given trading advice by a third party – who I shall refer to as 'Business B' in my decision. As a result of that advice, between 11 and 16 April 2024, Mr C opened long positions in an investment I shall call 'Company I' in my decision. The share price fell significantly, and on 17 April 2024 Mr C's positions were closed due to margin call.

Mr C raised a complaint with IG as he said its platform should have safeguards in place. IG responded on 8 July 2024. It said;

- Mr C had been given trading recommendations by a third party and had been manipulated via a 'pump and dump' scam.
- It detailed its terms and conditions and that it wouldn't interfere with the management of Mr C's account unless the activity was in violation of its regulatory obligations where it would intervene.
- It wouldn't monitor shares and there wasn't any restriction on them when they were being offered for trading. 'Pump and dump' schemes are usually perpetrated by market participants and the impact may vary.
- As a result of increased volatility in Company I, Nasdaq put the stock in an auction multiple times on 17 April 2024. When shares were in auction IG would only trade via 'phone dealing only' until the auction concluded.
- At 17.30 on 17 April 2024 Company I's shares were set to 'closing only' on its platform as it had been suspended by Nasdaq.
- As a result of its investigation about Company I shares IG contacted the regulator – the Financial Conduct Authority ('FCA') – and Action Fraud but this didn't mean the monies Mr C had lost could be recovered. The decisions Mr C took were his own.
- IG wouldn't limit the amount of Company I shares Mr C could buy or monitor the stock. It didn't uphold the complaint.

Unhappy with the outcome, Mr C brought his complaint to the Financial Ombudsman Service. Our investigator who considered the complaint didn't think IG needed to do anything more. He said;

- When Mr C opened his account with IG he agreed to its terms and conditions which stated the service provided was execution only and IG would not monitor or advise on Mr C's trading decisions.
- IG couldn't be held responsible for investment decisions made by clients or any

trading advice taken from third parties.

- There were no restrictions in place when Mr C traded in Company I shares so there was nothing to alert IG to any wrongdoing.
- It did act when trading was suspended on 17 April 2024, but IG couldn't be held responsible for what happened prior to that.

Mr C didn't agree with the investigator and wanted his complaint reviewed by an ombudsman, so it has been passed to me for a decision. Mr C provided the following for my consideration:

- He owed it to himself to recover his hard earned funds and wanted to prevent other clients from falling victim to this fraud on the IG platform.
- He wanted IG to implement a system to protect clients and be proactive rather than reactive in these situations.
- He didn't think IG was compliant in assisting the UK's mission to tackle fraud in accordance with the Payment Systems Regulator ('PSR').
- IG had failed to design, implement and maintain an adequate security system and fallen short of regulatory requirements of the Financial Industry Regulatory Authority ('FINRA').
- While he agreed to IG's terms and conditions it didn't mean it should so easily allow clients to be scammed on its platform. If he had known IG didn't have sufficient security and safeguards in place, he would have traded elsewhere.

### **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.

First, I'd like to take this opportunity to explain that I fully understand Mr C's strength of feeling about his complaint, and I sympathise with the financial impact his trading losses with IG have had on him and are still having on him. However, when looking at the circumstances surrounding Mr C's complaint, my role is to be impartial and consider what's fair and reasonable. This means taking into account IG's role, its obligations as set out by the FCA, but also the nature of the service it offered which involve a high-risk form of trading.

Mr C says he was victim of a 'pump and dump' scam. A 'pump and dump' scam is a fraudulent practice where an investor is encouraged by a third party to buy shares in a company in order to inflate the price artificially, then the third party sells their own shares while the price is high.

IG's terms and conditions that Mr C agreed to when opening his account with IG lay out the service it would provide Mr C and relevant to this complaint, I note they say;

## **'2. THE SERVICES WE WILL PROVIDE AND DEALINGS BETWEEN YOU AND US**

...

- (4) Dealings with you will be carried out by us on a non-advised basis (i.e., an 'execution-only' basis) and you agree that, unless otherwise provided in this Agreement, we are under no obligation:
- (a) to satisfy ourselves as to the suitability of any Transaction for you;
  - (b) to monitor or advise you on the status of any Transaction;
  - (c) to make Margin Calls; or
  - (d) (except in the case of Limited Risk Transactions or where the Applicable Regulations require) to close any Transaction that you have opened...'

It would appear Mr C's decision to invest in Company I was influenced by Business B which isn't connected to IG. While its clearly unfortunate Mr C invested in Company I shares it wouldn't be fair or reasonable to hold IG responsible as it didn't give any investment advice.

Mr C says IG should have safeguards in place, but I don't agree there was any failing on IG's part. I say this because Company I traded on the Nasdaq – an American stock exchange. Nasdaq is an established market with its own rules and regulations that companies must meet in order to become listed. So it's an orderly market and I wouldn't have expected IG to have carried out any due diligence. I've not been presented with any evidence to suggest IG was or ought to have been aware of any reason not to allow Mr C to invest in Company I.

It was Mr C who gave IG instructions to invest which under its execution-only service IG was required to action. IG didn't need to consider the risks involved in the investment and Mr C traded at his own risk. I'm not persuaded Mr C was misled into investing by IG. The losses he suffered were as a result of the poor performance of his investment. I haven't seen any evidence Mr C received personal advice from IG to invest into Company I shares and I've borne in mind IG offered an execution only service so wouldn't monitor stock prices or a client's trading activity.

I appreciate Mr C believes fraudulent activity has taken place but ultimately, it's not my role to determine whether a third party – Business B in this case – has conducted such fraudulent activity. I can only consider the actions of IG in this complaint, and I'm not persuaded IG ought to have been alerted to anything which meant it shouldn't have allowed Mr C to invest. And I note IG did act when Company I shares were in auction – which occurs because of high volatility – over 20 times on 17 April 2024 by limiting trading to phone only and taking trading offline.

Mr C has referred to IG's failings and its non-compliance with the PSR and the FINRA. But IG is authorised and regulated by the FCA, so it is only IG's compliance with FCA's rules and regulations I have considered in this complaint as well as its own terms and conditions. And I can't agree IG has acted outside of those rules or terms.

While I appreciate Mr C understandably doesn't want anything similar to happen to other IG clients, but I can only consider a complaint on its own particular merits and individual circumstances of that complaint. And I can't tell a firm how to run its business, only consider how that has impacted on a complainant. And in the individual circumstances of this complaint, I'm not persuaded IG has done anything wrong.

It follows that I don't uphold Mr C's complaint. I appreciate he will be disappointed with the outcome. It's clear he feels strongly about it and I'd like to thank him for the effort and time

he has spent in bringing his complaint. But I hope I have been able to explain how and why I have reached it.

**My final decision**

For the reasons given I don't uphold Mr C's complaint about IG Markets Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 October 2025.

Catherine Langley  
**Ombudsman**