

The complaint

Mr P complains Trading 212 UK Limited (“Trading 212”) allowed payment of £2000 from his account to an account opened by a fraudster. He seeks redress for this.

What happened

Mr P says he was on holiday abroad when a fraudster obtained his Trading 212 account details. A sum of £50 was then paid into Mr P’s Trading 212 account from a bank account bearing his name. The account hadn’t previously been linked to his Trading 212 account. His Trading 212 account was then accessed again and a request made to transfer £2000 from it into the new bank account. Mr P says he has been unable to recover this money from that new bank account – because the bank account wasn’t his and he didn’t open it.

Trading 212 has provided details of the transactions, with IP addresses, device references and dates. The events were in 2023. Mr P says he went abroad on holiday on 4 August and returned on 28 August. His device accessed his account on 8 August and 14 August (from abroad, according to Trading 212’s IP records) and again on 28 August (from the UK).

But Mr P’s account was also accessed a number of times by a different device (from the UK, according to Trading 212’s records) starting on 23 August – when the £50 was paid in - and then on 24 August (using the same IP address as on 23 August). This device then accessed the account again on 25 August and then requested the £2000 payment that morning, and accessed the account again that afternoon (the IP address was the same each time that day but different to the day before). That was the last access from that device.

Mr P contacted Trading 212 on 31 August to say the bank account to which the £2000 had been paid wasn’t his – but by that time the payment out had already been processed. He says he got in touch at that time to stop another payment he thought was going out.

Our investigator thought Mr P’s complaint should be upheld. He noted, amongst other things, that Trading 212 was obliged under regulatory rules to *“arrange adequate protection for clients’ assets when it is responsible for them”*. He thought Trading 212 was at fault for Mr P losing the sum that had been paid from his Trading 212 account to the new bank account.

Trading 212 had pointed out its ‘help centre’ had information about two factor authentication – which could’ve increased Mr P’s account security had he used it. Our investigator noted the account didn’t have this feature enabled. He found that had it been enabled the transfer from Trading 212 to the new bank account wouldn’t have taken place and Mr P wouldn’t have lost his money. He was satisfied the transactions hadn’t been made, that is requested or instructed, by Mr P or from a device or an IP address Mr P had used.

Our investigator accepted Trading 212 wasn't at fault for a fraudster having obtained the details that were obtained from Mr P to enable the fraud to be conducted. But he thought Trading 212 was at fault for Mr P's loss because it could have and ought to have done more to prevent it. In particular, in addition to two factor authentication not being activated, he thought it probable that the transactions themselves were marked by something unusual that ought to have alerted Trading 212 to a potential issue, such as the use of new or previously unknown IP addresses or locations. Trading 212 subsequently directed us to details of the transactions which I've outlined briefly further above.

Our investigator concluded Trading 212 should pay Mr P £1950 – being the amount he lost as a result of the two transactions – with simple interest on this at the gross rate of 8% - and should also pay Mr P £200 for inconvenience and distress caused to Mr P by this matter.

Trading 212 didn't agree with our investigator's conclusion. It pointed out it wasn't its own security but Mr P's security that had been breached, and by virtue of the breach Mr P's details had been obtained enabling access to his Trading 212 account. It pointed out that Mr P's loss didn't arise from any breach or hack of Trading 212's systems, so its systems did give adequate protection to Mr P's assets in line with the rules.

Trading 212 pointed out its terms make Mr P and not Trading 212 liable for breaches of his own security. In particular, it has pointed to terms that set out Mr P's responsibility to monitor his account and notify Trading 212 immediately if he became aware of any unauthorised use of his account or its details or any account discrepancies. Those terms also make clear Mr P was responsible for keeping his password safe and he had to take all responsible steps to stop his password being used by others.

Trading 212 has pointed out that each time Mr P's account was accessed, his password and email address were used to gain access. It has also pointed out that he would've received email notification of 23 August deposit and of the withdrawal that followed later - and that all these transactions were also visible on his account history. It points out Mr P only contacted Trading 212 on 31 August - and points out this was eight days after the £50 deposit. It says the unauthorised deposit ought to have been a red flag that Mr P reported.

Trading 212 said it wouldn't be right to say the root cause of Mr P's loss was that he hadn't been obliged by Trading 212 to use two factor authentication, and our investigator appeared to have given disproportionate weight to that factor. The firm said it isn't reasonable to hold it accountable for actions it might have taken with the benefit of hindsight – and no regulatory or other obligation required it to oblige Mr P to use two factor authentication at the time.

Trading 212 also pointed out the funds were transferred to a bank account Trading 212 had verified as bearing a name matching Mr P's. It has explained that after the small deposit was made from that account into Mr P's Trading 212 account, its system 'verified' the account. It has provided details from the bank that show the account holder's name matches Mr P's first name and surname.

Trading 212 didn't think it should be responsible for the results of the alleged fraud in in all the circumstances. So it didn't agree to return funds paid from Mr P's Trading 212 account. As the matter couldn't be resolved informally, it has been passed to me to decide.

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've reached the same conclusion as our investigator – for similar reasons.

I'll explain my reasoning briefly.

I'm satisfied Mr P didn't make the request to transfer the £2000 from his Trading 212 account to the new bank account - and that he has lost this money as a result of that transfer like he says. What Mr P has said and his conduct together persuade me that he did lose this money. What he has said matches the records we have, for example about being abroad. It is also clear that a new and different device was used to make the contested transactions.

Also our enquiries of the bank to which the payment was made suggest the account address was different to Mr P's and support his suggestion that he couldn't get access to the funds. I note what Trading 212 has said about the bank account bearing Mr P's name – and the bank records do show this, but they don't show if any other details matched – like Mr P's address.

In short, I share our investigator's view that the sum transferred from Mr P's account was a sum lost to Mr P – and that Mr P was victim of a fraud. I've thought carefully about what Trading 212 has said about its terms and conditions. But I've not seen anything to suggest the fraudster obtained Mr P's details due to negligence on his part or a failure by him to act in accordance with Trading 212's terms, insofar as those terms were reasonable. Mr P says he didn't share his account details, email details or password with anyone and he is unsure how someone got such details to gain access to his account. But details of this kind can be obtained by others without negligence or fault by the victim and this isn't uncommon.

Likewise, I don't find Mr P at fault for his loss by virtue of failing to monitor his account appropriately. Trading 212 hasn't said what date was the latest on which it could've recalled the payment from Mr P's account, but I'm not persuaded negligent delay on Mr P's part was why he didn't contact Trading 212 within that period rather than when he did. I find the eight days between the unauthorised deposit and Mr P contacting Trading 212 is best explained by Mr P having been abroad on holiday with limited access to emails. He did access his account on 28 August and didn't contact Trading 212 that day. But I find more likely that not this was because he didn't spot the offending transactions at that time rather than because he spotted them and negligently failed to report them. I'm satisfied he contacted Trading 212 promptly once he spotted an issue and negligent delay wasn't material to his loss.

Turning to the payment out itself, this arose from transactions from a new device that asked for significant funds to be paid to a new bank account added very recently. The account had been verified after it paid into Mr P's account a sum that was a very small fraction of the sum that Trading 212 was being requested to pay out to that account just two days later. In the particular circumstances here, given the pattern of access from the new device and the nature of the request, on balance I find the payment request was one Trading 212 ought to have queried and been more curious about than it was. Had it tried to contact Mr P about it, I'm satisfied the transaction wouldn't have gone ahead as a result. On balance I conclude Trading 212 ought to have tried to contact Mr P about it – so I conclude that it is responsible for the loss here and I uphold the complaint.

In reaching this view I note what's been said about the absence of two factor authentication on Mr P's trading 212 account. I gather this was an optional feature Mr P didn't choose to activate. Mr P has said he doesn't recall whether or how this feature was offered to him – and he doesn't recall being encouraged to use it or being informed or warned of the risk if he did not use it. What Trading 212 has sent doesn't specifically speak to or significantly elaborate on what Mr P was told about it. So it isn't clear to me that Mr P was encouraged to use this feature or warned of risks of not using it. I'd observe that Trading 212 probably knew more than Mr P about the potential vulnerabilities to which his account might be subject if he didn't activate this feature. It isn't obvious that this information asymmetry was addressed adequately by what Trading 212 told Mr P or brought to his attention about the feature – but I reach no concluded view on this point as it hasn't been argued in any depth.

What is clear to me, however, is that Trading 212 knew Mr P's account wasn't protected by this feature, so it knew his account didn't benefit from that particular safety net and the extra level of security it afforded. So this reinforces my view, arrived at for reasons already given above, that Trading 212 ought to have taken more care than it did when confronted by the contested payment request in the particular circumstances I've outlined in summary above.

So for the reasons I've given, and in light of all I've said above, I uphold the complaint.

Putting things right

Trading 212 UK Limited should put things right by paying Mr P £1950 (being the net sum he lost as result of the two transactions considered here) with interest from the date the £2000 left his Trading 212 account until the day the redress is paid to Mr P.

I've received no representations about the rate of interest, and I conclude the interest should be simple interest at the gross rate of 8% a year. Mr P may have to pay tax on the interest.

Trading 212 UK Limited should also pay Mr P £200 for inconvenience and distress he suffered arising from this matter. I reach this view having received no representations on this point from either party since our investigator made the proposal – and bearing in mind also what Mr P has said about the impact of this matter on him.

I'm satisfied my award, outlined above, is fair and reasonable in all the circumstances here.

My final decision

I uphold Mr P's complaint for the reasons I've given above.

Trading 212 UK Limited must put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 June 2025.

Richard Sheridan
Ombudsman