

The complaint

Mr W complains Interactive Investor Services Limited ('Interactive Investor') closed his Stocks and Shares ISA and share dealing accounts without his permission.

What happened

Mr W held three accounts with Interactive Investor; a share dealing account opened on 22 April 2021 and an ISA and a separate share dealing account both on 6 May 2021.

Interactive Investor wrote to Mr W on 25 February 2022 to explain the account he opened in April 2021 was now closed. Then separately on 24 May 2022 it wrote to him to let him know his other two accounts had both been closed.

In March 2024, Mr W sent Interactive Investor an email saying he was unhappy it closed his accounts where he hadn't asked it to. This caused Mr W to be concerned his accounts had been compromised, or that the firm had wrongly interpreted his subject access request as an instruction to close his account. He feels Interactive Investor improperly closed those accounts and caused him harm and distress because of the frustration and worry caused by the closures.

Mr W didn't at first receive a response from Interactive Investor to his complaint and so, he asked our service to look into what happened. Interactive Investor did later provide its response to his complaint. It said it received a secure message from Mr W asking it to close one of his accounts and it closed that account on that instruction, and that this account couldn't be reopened.

Following our request for information about Mr W's complaint, Interactive Investor clarified all the accounts had been closed due to inactivity, which it says it was entitled to do. While the firm didn't think it was unfair for it to close Mr W's accounts, it did offer £100 to apologise for not providing him with the correct explanation around the account closure.

One of our Investigators looked into Mr W's complaint but didn't think Interactive Investor needed to do anything more than it had already offered to resolve his complaint. She explained Interactive Investor's terms and conditions allow it to close accounts where they haven't been used for at least six months. In her opinion the firm had fairly applied those terms and so, she thought the offer made was fair.

Mr W replied to our Investigator disagreeing with the outcome she reached and reiterated that he hadn't asked the firm to close his accounts.

As an agreement wasn't reached the complaint was 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.

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Firstly, I'd like to acknowledge Mr W's strength of feeling about what happened and what he's said about the impact the worry caused by the accounts closing had on him. But I have to be fair to both parties in reaching my outcome.

When Mr W opened his accounts with Interactive Investor, it would've required him to agree to the terms and conditions of the respective account. While the firm hasn't provided me with the signed agreement, I'm satisfied on balance Mr W had agreed to those terms otherwise the firm wouldn't have opened those accounts to provide services to him.

The terms and conditions of Interactive Investor's service at the time said at clause 19.6:

"We reserve the right to close your Account without providing you with notification should there be no activity on your Account, it holds a zero cash balance and does not contain any investments for a period of six months or more. After termination of your Account, if any money or investments are received into your closed Account, we may charge for administration in accordance with our Rates and Charges."

Interactive Investor says Mr W had never used these accounts after they were opened and so it was applying its terms above when it decided to close his accounts.

I've considered the evidence provided around Mr W's account usage in deciding whether Interactive Investor has acted fairly here. For all three accounts, Interactive Investor has evidenced that no activity, such as transactions, deposits or dealings, of any kind took place on the account. The screenshots provided for all the accounts show there was no activity on either of them, and I'm satisfied this is because the accounts hadn't been used after they were opened. It follows then that Mr W hadn't carried out any activity and had no balance on the account.

Looking at when Mr W opened the accounts and when Interactive Investor closed them, I'm satisfied there was at least six months between those dates. During which there had been no activity as explained above. Two of these accounts were kept open beyond six months as it was towards the end of the tax year, and Interactive Investor didn't want to close the accounts in case Mr W was planning to make a deposit before the end of that tax year.

It follows then I can't fairly say Interactive Investor would be acting in an unreasonable manner by applying its closure terms as it has. I say this because those terms were set out in a clear, fair and not misleading manner and applied it fairly given the accounts hadn't ever been used and at least six months had passed since they were opened with no activity taking place.

Interactive Investor in its final response to Mr W incorrectly told him the account was closed because he asked it to in his message on 6 May 2021. I've reviewed Mr W's communications with Interactive Investor which while does show Mr W did ask Interactive Investor to close his account, the firm said it could only do so if he submitted the request through the relevant part of its platform. I've not seen evidence that Mr W followed those instructions and so I'm satisfied the account remained open until it was closed through inactivity as explained above rather than a closure instruction from Mr W.

Interactive Investor had given Mr W incorrect information about that closure, and I'm persuaded this caused him distress where it led him to worry someone had been able to access his accounts, or something else had happened against his instructions. I say this because emails from the time of complaint where Mr W communicates with the firm about

this issue demonstrate he was experiencing worry and concern about unauthorised access. While Interactive Investor incorrectly explained the issue to Mr W, from that time onwards he would've reasonably known there was no fraudulent cause behind the closures at which the impact on him would've reasonably ceased.

It follows then I'm satisfied the £100 offer Interactive Investor has already made fairly reflects the impact its incorrect information had on Mr W.

My final decision

Interactive Investor Services Limited has already made an offer to pay Mr W £100 to settle the complaint and I think this offer is fair in the circumstances.

My final decision then is that Interactive Investor Services Limited should pay Mr W £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 March 2025.

Ken Roberts
Ombudsman