

## **The complaint**

Mr and Mrs H complaint about the service they received from Saxo Capital Markets UK Limited (“Saxo”).

They say Saxo terminated their account and liquidated their holdings, without warning. So, to put things right, they’d like their shares reinstated and compensation paid for losses claimed, namely the loss of share value and dividend payment.

## **What happened**

Mr and Mrs H held 396 shares in a global bank through Saxo’s platform that I’ll refer to as ‘DB’ shares. I understand that Mr and Mrs H’s investment was migrated to Saxo (from a previous provider) in 2017.

In November 2023, Saxo asked Mr and Mrs H for some personal information with a view to updating its records, which they say they provided at the first instance.

In December 2023, Saxo asked Mr H to update details of his proof of income and his relationship with Mrs H, which they say they provided on 2 January 2024. On 19 January 2024 Saxo says it asked for information relating to proof of residence, and employment details of the secondary account holder. Saxo says it didn’t receive a response.

On 22 January 2024, Saxo asked for further information stating that some of it was still missing. On 23 January 2024, Mr H says he logged on to the Saxo website and was notified that his/their information was “*under review*”.

Mr H says he called Saxo and was told that no further information was required at the time, but if it was, Saxo would reach out to him.

But when he logged on to the platform on 15 February 2024, he discovered that their entire position in DB shares had been sold. Unhappy with Saxo, Mr and Mrs H raised a complaint.

In a Final Response Letter (FRL) dated 8 May 2024, Saxo rejected the complaint. In summary, it said that it had sent emails (via their account) with the initial termination notice being given on 23 November 2023.

Saxo maintains that Mr and Mrs H didn’t comply with its request for information, and that’s why the account was closed, and the DB shares liquidated.

One of our investigators considered the complaint but didn’t think it should be upheld. In summary, he said:

- Saxo treated Mr and Mrs H fairly, in line with its terms and conditions.
- Moreover, in line with its “Know Your Customer” (KYC) obligations, Saxo was required to maintain a certain level of information about its customers.
- This information, in turn, had to be provided by Mr and Mrs H, within relevant timescales, if they wanted their account to continue as it was.

- Section 33 of its terms and conditions states:

*“33.1 The Client relationship shall remain in force until terminated.*

*33.2 You are entitled to terminate the relationship with Saxo immediately by giving written notice to us.*

*33.3 Saxo is entitled to terminate the relationship with you by giving at least 30 days’ notice via a Durable Medium. If we have serious grounds or valid reasons for doing so, we may however terminate the relationship with less than 30 days’ notice, including immediately. Such grounds and reasons include, but are not limited:*

*(i) where the Client commits a material breach of any of these Terms;  
(ii) in accordance with Clause 28.4 (Default and Default Remedies);  
(iii) in order to protect Saxo from potential or actual fraud or other illegal activity, in its reasonable opinion;  
(iv) where we are required to terminate the relationship by any competent regulatory authority or as a matter of law”*

- Mr and Mrs H agreed with the terms and conditions (before opening their account) which entitled Saxo to end the relationship with them, without reason. However, in this case Saxo explained that it was because they failed to provide the KYC information in a timely fashion.
- In terms of chronology:
  - On 23 November 2023 Saxo made the first request for information which Mr and Mrs H responded to in due course.
  - Subsequently Saxo requested that Mr and Mrs H update their personal information on the account.
  - Saxo sent several emails dated 14 December 2023, 25 December 2023, 22 January 2024 and 25 January 2024. The last email explained that Mr and Mrs H had 14 days to update the information requested, or the account will be closed.
- Whilst Saxo’s records show that some information was provided, the following was still outstanding by the deadline:
  - Mrs H’s proof of residence.
  - Her investable assets, income, source of wealth, and employment details.
- In the circumstances, Saxo doing what it said it would do, wasn’t unreasonable.
- Despite what Mr H says, it wasn’t necessary to *call* him, or Mrs H. Saxo had already sent them numerous emails (which were correctly addressed) making clear what would happen if the correct information wasn’t provided.
- In conclusion, Saxo has followed its process correctly, and hasn’t behaved unreasonably in relation to its KYC request.

Mr and Mrs H disagreed with the investigator’s view and asked for an ombudsman’s decision. In summary, Mr H made the following key points:

- They don’t feel like they’ve been treated fairly by Saxo, which is one of the core principles of the Financial Conduct Authority (FCA), under Principle 6.
- Mr H accessed the Saxo site on 23 January 2024, but it wasn’t possible to identify what was missing – it was a technical issue on its side.
- That’s why he called Saxo (the same day) and was told that he’d be contacted if it needed anything which is why he was expecting a call.
- He’s curious why the information on the file had been sufficient until the previous year.

There's been some further discussion about telephone calls between Mr H and Saxo – whereby he was expecting a phone call as a step to resolution – but none have been found. I note that Mr H can't recall the exact date but says it's between 23 and 25 January 2025 and the calls would've been from his mobile or office phone.

In any case, the investigator hasn't been persuaded to change his mind.

As no agreement has been reached the matter has been passed to me for review,

### **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 agree with the investigator's conclusion for much the same reasons. I'm not going to uphold this complaint.

On the face of the evidence, and on balance, despite what Mr and Mrs H say, I'm unable to safely say that Saxo behaved unreasonably such that this complaint should be upheld.

In other words, I'm satisfied that Saxo was entitled to request personal information about Mr and Mrs H when it did (as part of its wider KYC obligations) and warned them about what would happen if it didn't receive this information.

In the circumstances I'm not persuaded that Saxo should've called them before terminating the account and liquidating their DB holdings.

Before I explain why this is the case, I think it's important for me to note I very much recognise Mr and Mrs H's strength of feeling about this matter. Mr H has provided detailed submissions to support the complaint, which I've read and considered carefully. However, I hope that they and Saxo won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised under a separate subject heading, it's not what I'm required to do in order to reach a decision in this case. My role is to consider the evidence presented by Mr H and Saxo, and reach what I think is an independent, fair, and reasonable decision based on the facts of the case.

I don't uphold this complaint, in summary, for the following reasons:

- I'm satisfied that Saxo, under its KYC obligations, was entitled to ask for the additional (personal) information from Mr and Mrs H, even though they were existing customers that were migrated from a previous provider. In the circumstances I can't say that there's anything wrong with Saxo requesting the information when it did.
- As a financial institution, Saxo's required to keep up to date and verified records on its customers. This is part of ensuing a wider compliance with the Money Laundering Regulations (MLR) which Saxo, as a UK regulated financial institution, must comply with.
- In this instance however, I note Saxo says that it is entitled to end a customer relationship without a reason. This means that Saxo can't be forced into a business relationship with a customer, which I think is reasonable. I note that Mr and Mrs H can also choose to end their relationship with Saxo, at any time, without reason, and that is within their power.
- Despite what Mr H says, Saxo isn't required to negotiate its terms and conditions with its customers. As an independent business, it is entitled set its own terms of business

and it is for the customer to agree before going ahead.

- In this instance I'm satisfied that Mr and Mrs H will have agreed with the terms and conditions before going ahead with opening their account. But if they didn't familiarise themselves with the terms of agreement, this isn't something I can blame Saxo for.
- I note the initial request for information was made on 23 November 2023, in which Saxo sent the following message (with parts highlighted in bold):

*"We have recently been in touch asking you to update the information we hold about you. Unfortunately, as this has not been done, your account no longer meets the legal know-your-customer (KYC) requirements. For this reason, unless you provide us with the information we require as soon as possible, we will proceed to close your account as of 24 January 2024. Your account is currently subject to trading restrictions and from the above date will be subject to log-in restrictions."*

### ***Do you still want to keep your account?***

*If you would like to keep your account with Saxo open, **it is important to update your information through the platform as soon as possible**. Click **here** for more information on how to do that. Please note that for joint accounts, both account holders must log in and update their information separately.*

### ***Closing your account***

*If you do not want to keep your Saxo account open, we kindly ask you to **close your positions and withdraw the cash on your account** via the platform before **24 January 2024**. If you wish to transfer your positions out, please use the securities transfer option available on the platform. Please note that due to market rules, not all positions will be transferable.*

*If you have not taken these actions by the above date, **we will close all open positions on your behalf if possible and attempt to transfer the account value to the most recent bank account used to fund your Saxo account.**"*

- In the circumstances, I'm satisfied that Saxo made reasonably clear the KYC request (as it was obliged to). It also gave Mr and Mrs H clear instructions (with options) regarding what they may want to do. Moreover, it clearly set out what would happen if they didn't take any action within the timeframe.
- In the circumstances, and on balance, I can't say that they weren't reasonably warned (from the outset) about what Saxo wanted, and why, and what would happen if they didn't comply.
- I'm aware that Mr and Mrs H were subsequently asked to update the information on their account, numerous times. I note that all the emails (up to and beyond this point) were sent to the same address, so it's unlikely that Mr and Mrs H wouldn't have received them. It's also unlikely that they would've only received some messages (and not the others), unless for some unclear reason they went into the junk file. But if that was the case, it's not something I can blame Saxo for.
- It's arguable that by 22 January 2024, Mr and Mrs H knew (or ought reasonably to have known) that there were still issues with information being outstanding, even though they'd already submitted some information.
- I note that when Mr H logged on the next day (on 23 January 2025) he was notified that the information provided was also still under review. In other words, a definitive decision hadn't been made about the information provided (possibly as to whether it was acceptable) and whether more information would be needed.
- I note Mr H says he called the customer helpline (that day) and was told by an

operative that no more information was required at the time, and that they'd be notified if further information was required.

- Whilst there isn't a record of that call, or what was specifically discussed during the call, it doesn't prevent me from reaching a decision in this case. On balance I think a call was (more likely than not) made to Saxo and relevant matters discussed.
- Even if Mr H was told that no further information was required at the time – which makes sense given that the matter was still undecided and under review – it didn't mean that more information wouldn't be needed in future, or that what he and Mrs H had provided (to date) was enough.
- Despite what Mr H now says, I'm satisfied he wasn't specifically told that Saxo would call him, if it needed anything further – this is not what Mr H is saying either. However, this was an inference reached by him which I don't think is reasonable in the circumstances because Saxo has always emailed him regarding these matters.
- In any event, I note Saxo subsequently emailed Mr and Mrs H on 25 January 2024 (at 10:47 GMT) outlining that they had 14 days to update their personal information, or their account would be closed. The email reiterated the 23 November 2023 notice and made clear the following message and warning:

*"Following our termination notice of 23 November 2023, we want to inform you that we have extended the termination of your account by 14 days from 24 January 2024 to 7 February 2024 in order to give you additional time to update your personal information.*

*If you would like to keep your account active, you still have time to update your personal information on the platform or contact us if you need assistance.*

*If we do not hear from you before 7 February 2024, we will proceed with closing your account as described in the original notification."*

- I note Mr and Mrs H say that they didn't receive this email, so they didn't act. But in the circumstances, and on balance, I think it's more likely than not that the email of 25 January 2024 was sent and received.
- I note it was sent to the same email address as the other emails, which is the email address Saxo had on file. I've also seen no evidence that the message was returned undelivered.
- I note the email once again made clear Saxo's position, including what would happen if Mr and Mrs H didn't comply with the request, within the latest timeframe. Whilst the message itself didn't specify what exactly was needed, I note Saxo says this would've been clear from the platform.
- I note a further email was sent on 31 January 2024, with the message titled "*Please finish updating your account information*" in large font. This was an extension of the termination date to 7 February 2024, to provide the necessary information. So, Saxo in effect gave Mr and Mrs H an extension to comply with its requirements, which unfortunately wasn't complied with.
- Despite what Mr H says, I don't think Saxo was required to call Mr and Mrs H so hasn't done anything wrong by not doing so. In the circumstances I also don't think it was necessary to do so, given the various emails sent to them.
- Moreover, in the circumstances I don't think Saxo was required to notify them separately before selling the position and closing the account because it had warned them numerous times by then which I think is fair and reasonable.
- Unfortunately, Mr and Mrs H didn't comply with its requirements, leading Saxo to close the account, which I can't say was unreasonable in the circumstances. Put differently, Saxo doing what it said it would do, if the requisite information (relating to KYC) wasn't provided within the timeframe, was reasonable.
- I note the account was terminated on 7 February 2024, resulting in the liquidation of

their position. I note Saxo stated: *“This is in line with our regulatory obligations, as there are risks involved for both you as a client and us as a platform, if we do not obtain up-to-date information and documentation.”*

- For the reasons set out above, I can't say that Saxo behaved unreasonably, and or that it has treated Mr and Mrs H with contempt. I'm satisfied that it made clear the information that it required and why. Moreover, it made clear (from the outset) what would happen if it didn't receive this information.
- If Mr and Mrs H have any concerns about their data, and retention – such as the missing phone calls – they can raise an issue with The Information Commissioner's Office.
- In the circumstances, and on balance, I can't say that Saxo should compensate Mr and Mrs H for any losses suffered, because I don't think it has behaved unreasonably.

I appreciate that Mr and Mrs H will be unhappy that I haven't agreed with their complaint. Furthermore, I realise my decision isn't what they want to hear. But on the face of the available evidence, and on balance, I think the conclusion I have reached is fair and reasonable in all the circumstances.

### **My final decision**

For the reasons set out above, I don't uphold this complaint, and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 24 April 2025.

Dara Islam  
**Ombudsman**