

The complaint

Mr A's complaint, in essence, is that Axi Financial Services (UK) Limited ("Axi") acted inappropriately in its administration of his account and in how it conducted its business.

He has said he feels his losses, including losses of over £71,000, are a result of flaws in Axi's processes, systems and algorithms.

What happened

Our investigator summarised Mr A's concerns in October and November 2024 assessments. In brief Mr A had said:

- There was an unnecessarily high volume of margin calls. Repeated margin calls sent with every market movement seem excessive and aren't in line with the purpose of providing a single notification when the margin requirement is not met. The volume of notifications can be overwhelming and counterproductive as it becomes challenging to discern which notifications require immediate action and which are simply updates.
- Client money handling rules were violated as client funds weren't properly segregated as required by FCA regulations.
- Axi's corporate structure and regulatory oversight were misrepresented. Axi provided financial services across multiple jurisdictions engaging in unauthorized or potentially unauthorized cross-border financial services. Potential conflicts arising from the complex corporate structure weren't properly disclosed, so there was inadequate disclosure of conflicts of interest. Essential information about account handling and regulatory protections wasn't clearly communicated, so there was a failure to provide clear and accurate information.

Our investigator considered Mr A's points and didn't think the complaint should be upheld. His findings were, in brief:

- Our role isn't to regulate or supervise the conduct of regulated firms – that is the role of the Financial Conduct Authority (FCA). Instead, we look at individual complaints and where something has gone wrong we ask the business to put things right by putting the consumer back into the position they would've been in if the problem hadn't occurred.
- Axi's terms provide for emails to be sent where an account has insufficient margin. This is common practice. The emails are sent according to how market moves have affected the account's free margin. Sending these wasn't unfair to Mr A or in breach of any rules.
- The client agreement contains information about Axi's corporate structure and regulatory status. This was accurate and reflected the correct position. Entities within the group of which Axi is part, operate outside the UK and some functions are managed globally. But this doesn't show or amount to a fault or breach of rules on Axi's part. Also Axi's conflicts of interest policy adequately explained how it would deal with conflicts. As regards Mr A's reference to an association with an Australian entity, it wasn't unusual for a firm with an

international presence to have a platform elsewhere. Also what Mr A said of suspicions of inappropriate cross-border activity wasn't backed up by any clear evidence.

- Axi's terms say client money will be paid into segregated bank accounts held with top-tier banking institutions and regulated by the UK Regulation Authority. Axi had done this.

Mr A rejected our investigator's conclusions and asked for the matter to be escalated. So, 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.

Mr A hasn't complained that Axi shouldn't have allowed him to open his account or to trade in the way that he did (indeed he's offered no details of that trading), so I've not looked into whether it was appropriate for Axi to have allowed Mr A to open his account with Axi or to trade as he did on that account. Mr A did raise with us a point about the leverage Axi allowed him, but I've not considered this here either – as this wasn't part of his complaint to Axi. Our investigator explained Mr A would need to raise this with Axi first before we could look at it.

With all that said, having considered the matters Mr A has raised and that form part of this complaint, I've arrived at the same conclusion as our investigator and for the same broad reasons. I appreciate this will disappoint Mr A. I've explained my reasoning below. I won't repeat our investigator's points, as summarised above, but I agree with them.

I turn first to Mr A's point about emails sent to alert him to his account having insufficient margin. Axi's terms said: *"you should not rely on our right to call you for margin as a means of monitoring your account. Margin calls are made as a matter of courtesy..."* But Mr A's point is that receiving too many alerts was unhelpful. It seems to me what might be too many alerts for one consumer might not be enough for another. Moreover, the purpose of these was to ready Mr A to add funds or close positions such that his margin level was restored. Doing so would have stopped or reduced the alerts Mr A would otherwise receive.

With all this said, it was ultimately Mr A's responsibility to monitor his account and act to make sure he had sufficient margin to support his open positions. In the same way, it was for him to organise his trading such that he could manage his positions if his trades didn't work out. I don't see that receiving emails ought to have prevented him from being able to do these things – and what he's said doesn't persuade me receiving alerts by email about his margin levels materially affected his ability to manage his trades or his account - or was otherwise a material cause of his trading losses. I note Mr A hasn't given us examples of trading decisions he made or didn't make, that might have been different if he'd been sent fewer emails. But this isn't why I've reached the view I've reached here on this point.

Turning to Mr A's other points, I'd emphasise that merely identifying some failing or breach of rules by a firm wouldn't usually be sufficient grounds for me to award redress for loss. For me to make such an award I'd usually have to be convinced not only that there was a fault on the part of the firm, but also that this fault caused or was responsible for the loss the consumer suffered and for which I was making the award.

I mention this because Mr A has explained he lost a substantial amount of money through trading conducted using Axi's services. So I understand why he looked into the things he has looked into – in case his losses were attributable to something other than the fortunes of his trading itself. But based on what he has said, I can't see that his other points could be relevant to the losses he suffered – or could have adversely affected his trading. So even if I

were to agree with Mr A that Axi fell short in these areas, I don't see that this would provide me with grounds to award him redress for his losses.

For example, Mr A refers to client money not being segregated. But there's no suggestion his losses were due to money going missing because it wasn't segregated or custodied properly. His losses, as he has said, were from trading activity he conducted on this account.

Likewise, I don't agree with Mr A that Axi gave him inaccurate information about its corporate structure or overseas operations – and it seems to me Mr A's money was held by Axi in the UK in the way that Axi has said it was. But nothing Mr A has said suggests to me his losses were the result of Axi's corporate structure, international activities, or its handling of his deposits – or what Axi told Mr A or didn't tell him about these activities. I'm not persuaded such matters were in any way causally connected to the losses Mr A is seeking to recover. Also Mr A has provided no persuasive evidence to show that losses he has suffered from his trading at Axi were the result of Axi failing in these areas - rather than unsuccessful trading.

Mr A has said that he is convinced that his money was transferred between entities within the Axi Group and he has asked for detailed documentation to show those movements and to show the mechanisms Axi had in place to monitor and account for his funds. But as I've said, there's nothing to suggest Mr A's losses were connected in any way to such matters. So I'm not persuaded to embark on this exercise in the way that he has suggested.

In conclusion, I'm not persuaded the failings Mr A alleges existed on Axi's part, caused Mr A the financial losses he suffered – and what I've seen doesn't make me think Axi was at fault or acted wrongfully or inappropriately in the ways Mr A has said. As such, having considered all the matters and points that form part of this complaint, I am unable to identify any grounds on which to uphold Mr A's complaint or to make any award in his favour for his losses.

I appreciate this will be very disappointing for Mr A in his circumstances, as described to us by him – and I'm sorry this is the case. I am grateful to Mr A for his courtesy throughout and for his responses and other assistance given to us during our consideration of this complaint.

My final decision

For the reasons I've given and in light of all I've said above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 February 2025.

Richard Sheridan
Ombudsman