

The complaint

Mrs A complains Pepperstone Limited manipulated pricing data, wrongfully closed her short position, used swap charges against her and wrongfully closed her account.

What happened

Mrs A opened a short USDZAR position on 5 April 2023, selling the Dollar at 17.87 Rand. She would profit if the dollar weakened against the rand and this price went lower.

I note the price was generally higher after that. It fell on occasion but after early August 2023 it was consistently above the early April 2023 levels until the date Mrs A's trade was closed.

Mrs A's trade was closed on 5 October 2023 following a margin call because her account had insufficient margin to continue to support the trade. This crystallised a loss of around £1700 on the trade but positive swap fees reduced this to around £1600. Mrs A has told us she had around £2000 in her account before.

The price at which Mrs A's trade closed was around 19.57. Mrs A doesn't dispute that the price went as high as that on that day – or claim she had sufficient margin to support the trade at that price. But she says the maximum price that day – 5 October 2023 - was no more than the maximum price the day before. Her basis for this view is a candlestick chart on Pepperstone's platform of which she has sent us a screenshot.

She has said to us that on that basis - if prices were just as high on 4 October as they were on the 5 October 2023, her trade ought to have closed on 4 October – but it did not. So in her view there is something is wrong with how Pepperstone went about closing her trade and bringing about the loss she suffered on it.

In February 2024 Pepperstone restricted Mrs A's account so she could only close trades and not open new ones. This followed interactions in which Mrs A said to Pepperstone: *"...I lost all my money and suffered heartache. I cannot focus on just one trade now..."*

In Mrs A's view this amounted to closing her account and disadvantaged her - and was done as a result of her having complained. But Pepperstone says it placed the restrictions on her account due to concerns Mrs A's comment above raised about the losses she had made, the impact of this on her emotionally and her ability to continue to focus on trading at the time.

Mrs A raised concerns about how this restriction could affect her ability to trade and cause her additional losses. She also asked Pepperstone to remove its swap fees because she said that incurring these swap fees was making it difficult to close her positions.

Mrs A also referred to the loss she had suffered on the trade Pepperstone had closed, and told Pepperstone she didn't have enough money for this as she wasn't working.

Pepperstone responded by offering to close Mrs A's remaining trades and refund the losses she had made on these, which amounted to around £360.

Mrs A told Pepperstone in reply that being unable to trade had caused her sleepless nights

and distress – particularly with regard to her positions in oil, given conflicts ongoing in the Middle East at the time. She wanted compensation for this and also asked for overnight swap fees (of more than £100) to be added to this offer.

Pepperstone had previously issued its complaint response to Mrs A's complaint in which it had offered to pay her £200 for shortcomings in its service to her, including delays and confusion in answering and addressing her issues.

Our investigator considered the complaint and didn't think Pepperstone needed to do more – but thought it should pay Mrs A the £200 it had offered her for the service issues.

Pepperstone first queried whether it still needed to offer this £200, given the other refund it had made since its original offer. But it then did agree to still offer to pay the £200.

Mrs A didn't agree that this was sufficient. She said Pepperstone had been *"playing with me for a year"* and the refund of £364.38 was something they raised with her and nothing to do with her complaint about the 5 October 2023 trade that was closed. She said Pepperstone closed her account without informing her and she argued for a month that it shouldn't, but she didn't get a proper answer. She said Pepperstone agreed to close the positions and compensate her "under pressure from the ombudsman".

Mrs A said Pepperstone offered her £200 to withdraw her complaint, but she refused this. She told us she traded over £19 million in 34 months and would like a percentage of this as she must have incurred a large amount in commissions and overnight fees.

She also said Pepperstone gave false indicators and charts the whole time. She said when she made money Pepperstone found a way to take it back and in the end took it all. She said a chart Pepperstone had sent us wasn't the chart it provided for its clients, so Pepperstone wasn't being truthful. She said that having had £2000 taken from her, she would never accept £200. She said she wanted full compensation.

She also said when indicators and charts are incorrect, the trader loses money, and this is the main goal of Pepperstone. She said she has to complain about all trades and the one closed on 5 October 2023 is just one to show how much money Pepperstone took from her.

As Mrs A didn't accept our investigator's view, this matter couldn't be resolved informally – so 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 arrived at the same conclusion as our investigator and for broadly the same reasons.

Firstly I'm satisfied Pepperstone closed Mrs A's trade correctly on 5 October 2023 and was right not to close it on 4 October 2023.

I say this as the data Pepperstone has sent us shows the price reached on 5 October 2023, that prompted the closure, wasn't reached on 4 October 2023.

Also price data available more generally about the exchange rate supports this idea and shows that prices on 5 October 2023 were higher than on 4 October 2023. From what I've seen, on 4 October the highest exchange rate was 19.43 with a low of 19.17, and on

5 October the highest rate was 19.63 with a low of 19.27. So this supports the idea that the price of 19.57 - which prompted Pepperstone to close Mrs A's trade due to insufficient margin – was a price reached on 5 October 2023 but not reached on 4 October 2023.

Mrs A's view that this isn't right is based on screenshots of charts taken from Pepperstone's platform. She says these show the price on both days reached 19.63 – and in fact the price on 4 October was higher at 19.63480 with the price on 5 October being lower at 19.63434.

Looking at the screenshot, I agree with Mrs A that it does appear to show the same or a very similar high price was reached on both days. So I don't doubt her interpretation of this chart. But I don't believe the chart shows the correct position. The generally available exchange rate information supports Pepperstone's own price data which suggests the price at which Mrs A's trade was closed was a price reached on 5 October and not on 4 October 2023.

I'd mention in passing that if Mrs A is right and her trade ought to have been closed a day earlier, the resulting loss would've been the same. So it isn't obvious to me how this could provide grounds for Mrs A recovering what she lost on that trade. But I'm not persuaded that Pepperstone did close the trade incorrectly anyway.

Also I'm not persuaded any error in the chart that Mrs A has pointed to, made a difference or caused her to suffer the loss that she suffered. I say this because if Mrs A had seen a chart setting out the correct position reflecting Pepperstone's price data for 4 October 2023, this wouldn't have helped Mrs A to avoid the loss that was crystallised for her on 5 October. That trade was, and had been, a losing one for a while and Mrs A hasn't said anything to suggest to me that what the candlestick chart showed for 4 October 2023 made a difference to what she did about that trade. For example she hasn't suggested that she might have closed it – and crystallised her loss – earlier. It seems to me that if the chart had showed a slightly lower high for 4 October 2023, Mrs A's trade would still have continued as it did and been closed when it was the following day.

In essence in my view the reason for Mrs A's losses on the trade is that she traded on the basis that the price would go down, but the price went up – and eventually went up to a level which meant she didn't have sufficient margin to continue with the trade. What she has said and sent us doesn't persuade me that the loss that resulted was a loss caused by what was shown on the candlestick chart she has sent us – or that things would have been different if the chart had shown something different.

I've not considered whether Pepperstone ought to have allowed Mrs A to have an account and to trade as she did, as she hasn't argued that Pepperstone shouldn't have allowed her to trade. But she has complained about how her account was restricted and closed. So I've carefully considered Pepperstone's actions that led to that closure.

Having done so, I agree with Pepperstone that given what Mrs A had said about her losses and their impact on her, it was best that Pepperstone brought her trading on the account to an end. It did so by restricting her ability to open new trades – so she wasn't prevented from closing her existing trades if she was concerned about losses increasing from them. I accept this did reduce her scope to run hedged positions through periods where Mrs A thought prices might move against her. I accept also that this caused her worry. I've thought about this carefully.

But I note that Mrs A could have closed trades to avoid losses she thought might increase. I also note that there is no guarantee that had Pepperstone allowed her to continue to trade in an unrestricted way, Mrs A would've managed to reduce her losses rather than increase them. I also note that Pepperstone ultimately agreed to refund the losses she incurred on her remaining trades and close her account. If it had not restricted her account, she could have lost more and she would in any case have had to bear those losses herself. So overall I find the approach Pepperstone has taken on this is reasonable in all the circumstances.

Mrs A has sent further charts to us where what is shown on the Pepperstone platform, from what she has sent us, is not the same as what is shown on another trading platform. I don't know the reason for these differences - so I don't know if this means the charts Mrs A looked at on Pepperstone's platform were better or worse than those on another platform. But this doesn't make a difference to the matters I'm considering here. What Mrs A has sent us for her complaint about the trade that closed on 5 October 2023, and about Pepperstone restricting her account and then closing and refunding her remaining positions, doesn't make me think Pepperstone ought to offer her any other redress. For example nothing I've seen suggests Pepperstone charged swap fees incorrectly in connection with those matters. The extra charts she has sent us don't change my view on the matters I've considered here.

Other trades Mrs A has made do not form a part of this complaint, so I've not considered them. Any concerns she has about those would need to be raised with Pepperstone separately. I say this not to suggest that such complaints might succeed or that Mrs A ought to raise them – but just to explain our process and the scope of what I've considered here.

I note Pepperstone apologised for service shortcomings in connection with the matters I've considered here – and in particular when dealing with Mrs A's concerns about those. In view of this I agree that Pepperstone should still pay Mrs A the £200 it offered her for this.

So my decision is that I uphold Mrs A's complaint in part – due to this shortcoming in service. – and I find that Pepperstone should pay Mrs A £200 for those shortcomings.

Putting things right

Pepperstone Limited should pay Mrs A £200 for the inconvenience caused to her by the service shortcomings it identified.

My final decision

For the reasons I've given above, I uphold Mrs A's complaint in part. Pepperstone Limited must put things right by paying her the £200 redress payment I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 23 February 2025.

Richard Sheridan
Ombudsman