

## The complaint

Mr D complains that Trading 212 UK Limited ('Trading 212') should've stopped him trading on its platform.

## What happened

In February 2023 Mr D opened an account with Trading 212 to trade contracts for difference (CFDs). He says he'd previously had trading accounts with two other providers and he was *'relatively comfortable with basic trading knowledge'*.

As part of opening the account Mr D completed Trading 212's appropriateness test. He declared information about himself including what his employment status, income, savings and risk appetite were. He said he expected to deposit up to £5,000 annually. He was asked how he'd be affected if he lost most of the money he invested with Trading 212. In answer he said, *'I would have to make changes to my spending but this would not affect my lifestyle a lot'*.

Mr D says that in the month of December 2024 he deposited more than the amount he'd said he expected to deposit annually. And he says that from February 2024 onwards he deposited more than twice his estimated annual amount, across 20 transactions.

A screenshot from Mr D showed that in total he deposited about £14,000 and withdrew about £11,000.

On various dates Trading 212 emailed warnings to Mr D about activity on his account after he placed what he says were *'a large number of deposits and trades during a short period'*.

On 2 January 2025 Mr D complained to Trading 212. He said he'd deposited more than he said he would when he opened the account. He said he'd received numerous warnings from Trading 212 and stop loss warnings and margin call warnings. But Trading 212 hadn't done anything to stop him trading despite his trading pattern continuing after he received warnings. He said other brokers had shut down his accounts to safeguard him, and by not doing that Trading 212 had caused him losses which had put him in financial difficulty.

About 15 minutes after Mr D contacted Trading 212 on 2 January 2025 it put his account in *'close only'* mode so he couldn't open any new trades. It then emailed Mr D saying it had done that due to *'self-reported vulnerability'*.

In response to Mr D's complaint Trading 212 said it hadn't done anything wrong. In summary it said the following:

- It was an execution-only broker, so Mr D was responsible for his own trading decisions. And Mr D had agreed to Trading 212's terms and conditions which included provisions about CFD trades, margin calls and the 25% threshold.
- Trading 212's records (which it now provided to Mr D) showed he'd passed the appropriateness test when he opened his account.

- Mr D began trading on 22 February 2023 and had made 426 trades. He contacted Trading 212 a number of times to discuss margin calls and stop-losses which showed he had a fair understanding of CFD trading and which didn't indicate he was in vulnerable circumstances. Stop losses and margin calls were protective mechanisms for traders that could minimize loss and manage risk exposure.
- Although Mr D said he expected to deposit less than £5,000 per year, that was an estimate, not a limit. It could be exceeded. But if *'if a client's trading pattern or repeated activities pointed towards certain habits, this activity would be flagged'*.
- Mr D's activity was flagged *'for a minor concern'* on several occasions. Trading 212 sent him messages to *'confirm if everything was ok'*. Mr D didn't respond. Those alerts were a routine part of Trading 212's operation and didn't suggest there were serious issues, especially at the marginal levels that his activity triggered.
- Mr D had made a large number of deposits, but he'd also made a large number of withdrawals. In total, over about two years, Mr D had spent £2,810 in trades which was a fraction of what he'd deposited and withdrawn.
- Trading 212 could find little evidence that the account wasn't appropriate for him or that he never should've been given it. Based on his declared income and savings, risk appetite and loss impact, his trading performance wasn't concerning.
- The first time Mr D told Trading 212 there was a problem was 2 January 2025. At that point Trading 212 immediately restricted his account.
- Trading 212 had no reason to know Mr D had accounts closed by other providers.

Mr D wasn't satisfied with Trading 212's response. So he referred his complaint to this service. In summary he said he deposited more than he said he would but Trading 212 didn't take any action other than send warning emails – it should've blocked his account or done something similar. He also said Trading 212's account opening processes were inadequate and didn't give it a good enough understanding of its customers' circumstances.

Mr D also told this service he'd had been registered with a self-exclusion scheme for gambling since 2017 and he'd had financial difficulties for more than a decade. He said he was *'fully aware of the risks of losing'* and he wasn't complaining about the outcomes of his individual trades. He was complaining that Trading 212 should've taken action to stop him trading. He said he didn't contact Trading 212 about his financial circumstances before he made his complaint. He expected Trading 212 would've intervened based on the information he gave when opening the account compared with the trading activity he then engaged in.

Trading 212 told this service its terms and conditions said at 21.3 that Mr D was responsible for informing Trading 212 of any significant changes to his financial circumstances. It said Mr D updated his information with Trading 212 in June 2024 but he didn't make any changes to the financial information he'd provided. Trading 212 said that before he made his complaint in January 2025 Mr D hadn't given Trading 212 any information to suggest he had a gambling problem or financial difficulties.

One of our investigators looked into Mr D's complaint. He didn't think Trading 212 had done anything wrong. He said it was reasonable for Trading 212 to send the automated emails it sent to Mr D and then not take further steps. Although the emails didn't contain much information they were enough to alert Mr D to possible issues with his trading activity. The investigator said he'd seen how Trading 212's alert system worked and he thought the system was reasonable and Trading 212 had followed it appropriately.

Mr D didn't accept the investigator's view. In summary he said the following:

- Trading 212 said it would act if certain activity continued, but it didn't act. So it failed to safeguard Mr D. It wasn't fair for Trading 212 to provide vague warnings and then say it had fulfilled its responsibilities.
- Most of Mr D's deposits were made immediately after withdrawals which might suggest he didn't understand the risks or was blinded by the need to recoup losses. And his activity was typical of a gambling habit and so it should've raised flags with Trading 212.
- The amount Mr D deposited might've been small in Trading 212's view, but that didn't mean it wasn't significant to Mr D. And Trading 212 hadn't gathered enough information from Mr D to know whether it was significant in his circumstances.

Because no agreement could be reached, this complaint was passed to me to review afresh and make a decision.

### **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'm not upholding the complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

Mr D said he failed Trading 212's appropriateness test, but I've seen no evidence of that. And Trading 212 said he passed the test. Mr D has said he had knowledge and experience of trading and he understood the risks. And he's mentioned having traded with other brokers. So on balance I think it likely he passed the appropriateness test and it wasn't unfair or unreasonable for Trading 212 to provide him with an account.

I also think, on the balance of probabilities, that if Mr D had failed the appropriateness test, it's likely he would've gone on to trade with Trading 212 anyway. I say that based on the information Mr D gave Trading 212 about himself at the time of the application which indicates to me that he would've wanted to proceed after being warned of the risks, and that Trading 212 wasn't made aware of any reason to refuse Mr D an account.

While Mr D was trading with it, Trading 212 had a system which monitored its customers' trading activity and issued automated alerts in response to certain triggers relating to the customer's trading activity. In the context of that system the alerts Mr D received were due to relatively minor concerns and Trading 212 said the concerns didn't warrant escalation under Trading 212's system because the relevant activity by Mr D wasn't continuous enough, repetitive enough or concerning enough. Having considered the amounts Mr D deposited and withdrew of the life of his account, I think Trading 212 took a reasonable position on that. I'm satisfied it acted in accordance with its own system here. And I'm satisfied its actions were generally fair and reasonable.

Although Mr D doesn't agree, I do find it relevant that he made a number of withdrawals as well as a number of deposits. This showed Mr D wasn't simply losing all of his traded funds

and depositing more funds from elsewhere. Over about two years he lost a total of about half the maximum amount he said he expected to deposit per year. And Mr D had told Trading 212 that losing all the money he deposited wouldn't significantly affect his lifestyle. So overall I find it was reasonable for Trading 212 to say Mr D's trading activity wasn't concerning enough that it was obligated to intervene. And I don't think the frequency of deposits Mr D has described was so significant that Trading 212 had an obligation to intervene.

I understand Mr D thinks Trading 212 should've seen signs he had a gambling problem which affected his trading behaviour. And he thinks Trading 212 should've asked him more and better questions about his financial and other circumstances to get a better idea about whether to provide him with an account. I can see the value in more and better information here. But the information Trading 212 sought and received from Mr D was enough for it to understand his general financial position. It showed the amount he expected to deposit wasn't out of proportion with his income. And, as I've said, he told Trading 212 he wouldn't be significantly affected if he most of the money he deposited. And he said he didn't tell Trading 212 he had any financial difficulties until the date he complained, despite the account's terms and conditions requiring him to inform Trading 212 about changes to his financial circumstances.

Overall, I've found the information sought by Trading 212 and its monitoring of Mr D's account were enough to give it a reasonable understanding of his circumstances, albeit that understanding was affected by what Mr D chose to tell Trading 212. And I don't think what Trading 212 reasonably knew about Mr D's circumstances and trading activity was enough that I can say Trading 212 necessarily ought to have restricted or closed his account. I'm sorry to know Mr D is experiencing difficult circumstances. But I can't conclude Trading 212 has treated him unfairly or unreasonably in this case. So I'm not requiring Trading 212 to do anything.

### **My final decision**

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 April 2025.

Lucinda Puls  
**Ombudsman**