

The complaint

Mr W complains that eToro (UK) Ltd ('eToro') restricted his ability to adjust stop losses and so preventing him accessing his invested funds and deprived him of profits he would otherwise have made.

What happened

Mr W had an account with eToro which he used to trade contracts for difference (CFDs) and other things. On 5 September 2024 one of his CFD positions was closed by stop loss at a rate of USD 2.434.

Mr W contacted eToro that day saying he'd tried to reduce his stop loss level from USD 1.6 to USD 2.0 to return available cash to his account. But eToro's system had changed his stop loss to USD 2.439 which was around the market rate and that had caused his position to close.

eToro first told Mr W it had automatically adjusted his stop loss change because he'd tried to reduce it by less than 1 pip. But after looking into things it found there'd been '*a technical issue*'. The technical issue meant that, because Mr W had a negative cash balance, a '*platform limitation*' stopped him setting a stop-loss below the current market rate. eToro said an error message had been displayed in red telling him that, and Mr W had pressed '*update*' to go ahead with changing his stop loss to USD 2.436. eToro said it saw no grounds for compensating Mr W but it offered him a goodwill gesture of USD 50 because he was frustrated.

Mr W wasn't satisfied. He referred his complaint to this service. He said that by locking his stop losses eToro was preventing him accessing funds in his account, and that had prevented him making trading profits he otherwise would've made.

Mr W said the following about his 25 remaining positions:

'...the price rose dramatically from beginning of august until it reached \$3.20 in October. Many of my positions were in good profit, after deducting the overnight fees and would also have contributed thousands in profit. Unfortunately there was no point closing them as without the ability to release all funds locked in SL it would not have wiped out the negative balance which by then had doubled. Had I the ability to move the SL and close all profitable positions I would have been able to open at least 20 sell positions from 3.2 which would have offered huge profit. To prove this you can see this is what I did in my Plus500 account over the same period.'

Amongst other things Mr W provided a screenshot of an '*edit trade*' window on eToro's platform. It showed the proposed stop loss amount having been adjusted to 2.44. and it included a statement in bold red font saying, '*Stop loss can't be placed lower than 2.44*'.

One of our Investigators looked into Mr W's complaint. She asked Mr W why he hadn't closed his positions after he found out he couldn't reduce his stop losses to address his negative cash balance. In summary Mr W said the following:

- He could've closed positions once he realised he couldn't adjust his stop loss to where he wanted it. However, he said the following:

'...the price of gas jumped to \$3.2 which I would both have been able to trade profitably had my funds been released. Instead only 2 of my positions would have closed in net profit, the other 23 trades would have had to be closed at a net loss due to the additional overnight fees. Had my funds been released yes I would have closed some of the positions that were almost in profit releasing even more trading equity. The profit of said profitable 2 positions essentially were worthless as the equity released would have not put my account in credit.

However at the point the price reached \$3.2 my account value was near \$10000.00, had my funds in stop loss not been frozen would have released another \$10000.00 equity allowing me to trade the drop in price extensively and furthermore the increase in price lately would have generated substantial profits. I was ... [unable] to trade at all unless I found another \$10000.00 in order to trade, I didn't see the reason in this when I had \$10000.00 stored in excess liquidity blocked from accessing. Etoro were so far in the wrong I actually thought they would do the right thing and release the funds. I also refused to close all positions at loss as I wanted keep evidence ongoing during the investigation by yourselves, which I was positive would find in my favour. Secondly I did not want etoro to hold it against me saying I willingly closed all my positions at a loss which had nothing to do with them and was my choice. Lastly why should I have to close all my positions at a loss because of an evident error and admitted by etoro on their platform.'

- eToro shouldn't have been allowed to charge overnight fees while Mr W's complaint was ongoing.

eToro said it was currently investigating the technical issue affecting stop loss adjustments on its platform and it expected to fix the issue by the end of 2024.

The investigator concluded eToro had made an error and to put it right eToro should pay Mr W £150 for distress and inconvenience. She didn't think eToro could be held responsible for any financial loss Mr W experienced. In summary she said the following:

- Mr W had clicked '*submit*' to edit his stop loss on the two trades that were then stopped out. So eToro wasn't responsible for the closure of those positions.
- eToro had acknowledged the stop loss level Mr W sought to set should've been available to him and that it was an error that had made it unavailable.
- Mr W had asked for evidence from eToro showing this error hadn't happened earlier in the year when he'd had a negative balance. But if the error hadn't happened on other occasions that didn't change things for Mr W's complaint.
- eToro charged overnight fees differently from other platforms. eToro took the fees from available cash, whereas other platforms took them from open positions which sometimes caused the open positions to close due to insufficient margin. The overnight fees Mr W paid extended his negative cash balance. But it was his choice to keep his positions open rather than close them. eToro's terms allowed it to charge overnight fees.
- Mr W wanted to be compensated for trading profits he missed out on by being unable change his stop losses and so free-up cash. But once he knew he couldn't do that, he should've mitigated his losses by either closing positions or adding cash to fix his

negative cash balance. Although his positions were running at a loss, closing them wouldn't have caused the loss – it would merely have crystallised it.

- In recognition of the error it made and the distress and inconvenience caused to Mr W, eToro should increase its offer to Mr W from USD 50 to £150.

eToro said it would agree to pay Mr W £150 to bring the matter to a close. But Mr W said £150 was insufficient in light of the financial and emotional impact he'd experienced. In summary he said the following:

- He reduced stop losses to free-up funds many times a week. So when he pressed '*submit*' he didn't expect eToro to amend his stop loss the way it did.
- Soon after his two trades were stopped out the relevant price increased to more than USD 3 and then USD 4. Mr W missed out on profiting from the price rise on those two trades.
- Mr W's complaint was also about 25 other positions which he couldn't manage effectively without adjusting stop losses. eToro prevented Mr W releasing funds to manage other positions which caused him to incur increased overnight fees.
- Mr W waited until the price was above 4 then closed the 25 positions '*in great profit*'. But his profit would've been higher if eToro hadn't closed his first two trades.
- eToro should reimburse Mr W losses caused by the closure of his two positions, missed profits on his other 25 positions, and overnight fees incurred due to the error.
- In line with awards from this service for significant platform errors, £500 would be appropriate for Mr W's distress. eToro's error disrupted a proven trading strategy and caused financial loss and so caused considerable stress, and its inconsistency and lack of communication undermined trust.
- It was unreasonable to expect Mr W to mitigate his losses by closing positions or depositing funds once he knew of the error because:
 - Closing positions would've crystallised losses he reasonably expected to avoid and which his trading history shows he would've avoided.
 - Mr W assumed eToro would fix the error and not leave him locked out of trading for months.
 - Depositing funds wasn't immediately feasible.
 - Mr W kept positions open to preserve evidence of the error because '*the ongoing nature of the issue required maintaining open positions to demonstrate its impact*'.

Mr W sent this service his trading statement for October 2024 from another platform to show his trading success and his use of stop loss adjustments. He also provided market data showing price rises he could've been trading on and an estimate of profits he believed he'd missed and overnight fees he felt he shouldn't have incurred.

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 upholding the complaint and I agree with the investigator that eToro should pay Mr W £150, but I've found eToro can't be held responsible for financial losses or missed trading profits. 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 W agreed to the stop loss change that caused his two positions to be stopped out. eToro can't be held accountable if Mr W chose not to read information on his screen because he was accustomed to the process or because he wanted to act quickly. eToro has shown that important information about the adjustment to the stop loss was displayed in bolded red. A warning in bolded red told Mr W he couldn't make the adjustment he wanted, and showed him the alternative adjustment eToro proposed. I understand Mr W was used to making adjustments and in the habit of working quickly. But I can't say eToro is to blame if Mr W proceeded without looking at what was on the screen. So I think Mr W is responsible for having changed his stop losses on 5 September 2024. And the closure of the positions was in line with the stop losses he'd set, even if they weren't the stop losses he intended to set. So I don't find that eToro was responsible for Mr W's two trades being closed in way he didn't want or intend.

Having had those two positions closed, I also can't say eToro was responsible for the results of Mr W's subsequent trading. So I don't accept eToro should compensate him for any potential trading losses, missed trading profits, or overnight holding fees. Although Mr W couldn't adjust his stop losses in the way he wanted, he had options for managing his positions.

I understand it might not have been possible or convenient for Mr W to deposit cash to his account to fix the negative cash balance. And I also understand he didn't want to close positions that were making a loss. But closing his positions would merely have crystallised losses which already existed in his account. It would also have prevented him accruing further overnight fees. And he could've opened similar positions if he'd wanted to and continued trading.

Mr W has said he wouldn't have incurred overnight and weekend fees if eToro hadn't stopped him adjusting his stop losses how he wanted to. But I haven't seen that eToro stopped Mr W closing his positions. And it was by not closing them that he incurred overnight and weekend fees. I'm not persuaded Mr W was prevented from managing those positions in such a way that he incurred fees he otherwise wouldn't have incurred. I don't accept he couldn't have closed the positions. And if he chose not to close them, then he had to incur overnight and weekend fees.

Whether or not eToro was obligated to provide Mr W with the facility to reduce his stop losses while his cash balance was negative, I accept that it set up the expectation that the facility would be available. But as I've set out, I haven't found the situation caused Mr W the financial impact he's claimed.

Overall, I do understand Mr W's frustration in this scenario. But he had options available to him to mitigate any potential losses that might arise. And he chose not to use them. I can't fairly and reasonably hold eToro responsible for the fact Mr W didn't close his positions and make other trades. And I'm not persuaded I can safely say eToro's system issue stopped Mr W making profits he otherwise would've made.

I do find that having to manage his positions differently would've caused Mr W some distress and inconvenience. For that, I agree with our investigator that a payment from eToro of £150 is appropriate. This is not an amount to reimburse Mr W for a financial loss. It's a recognition of the fact that he experienced trouble and upset as a result of eToro's technical error.

Putting things right

To put things right for Mr W eToro (UK) Ltd must pay him £150 for distress and inconvenience.

My final decision

For the reasons I've set out above, my final decision is that I'm upholding this complaint. eToro (UK) Ltd must pay Mr W the amount specified above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 May 2025.

Lucinda Puls
Ombudsman