

## **The complaint**

Mr E complains that Trading 212 UK Limited (T212) allowed him to open a contract for differences (CFD) account which was inappropriate for him. He also complains that it didn't properly provide information or fair pricing for a position he held, and that T212 ought to have earlier recognised he was vulnerable and prevented his trading.

## **What happened**

Mr E opened a general investment account with T212 in December 2020. After a year of trading on that account he applied for a CFD trading account with T212 on 6 December 2021.

During the account opening procedure, Mr E completed an application with T212. Based on the answers he gave about his personal circumstances and knowledge and experience of investing, T212 warned him CFD training was inappropriate for him. Even so, Mr E asked to proceed with the application and his CFD trading account was opened.

Overtime Mr E became concerned about the losses he was incurring and events around a short CFD position he held in Reddit.

He complained to T212 to say:

- He shouldn't have been allowed to open the account as it was inappropriate for him.
- It should've intervened in his trading given information he'd told it would suggest he was financially vulnerable.
- The firm hadn't met its obligations around best execution when closing his short Reddit position.
- He'd experienced various issues and inaccuracies with the charts the firm provides

T212 responded to Mr E's complaint but didn't uphold it. It said:

- It hadn't acted unreasonably by allowing Mr E to trade CFDs. It had highlighted this trading was inappropriate for him but he asked to continue anyway.
- Information about potential losses being incurred, leverage and risk of CFD was provided to him during account opening.
- His Reddit position was priced and closed fairly.
- It didn't unfairly portray the market through its charts or by setting out a last trade price.

Mr E didn't agree and asked our service to look into his complaint further.

One of our Investigators considered his complaint but also didn't think it should be upheld. He said:

- The account was inappropriate for Mr E but T212 had some discretion under the relevant guidance to allow the account to be opened if asked to.
- As Mr E asked to proceed regardless, had experience from his share dealing and some degree of knowledge and capacity to trade CFDs, it wasn't unfair T212 didn't prevent the account being opened.
- T212 had no reason to think Mr E had vulnerabilities until early 2025 when he raised concerns about losses and the mental impact CFD trading was having on him.
- It acted fairly by promptly restricting his account when it did become aware of his difficulties.
- The Reddit position had been fairly closed in line with T212's obligations, including best execution.
- T212's terms explain that the charting information is based on available market data and is provided on "as is" basis.

Mr E responded to disagree with the conclusion our Investigator reached. He provided further detail around the points he'd already raised in this matter. Our Investigator considered his arguments but wasn't persuaded to change his opinion.

As an agreement wasn't reached the complaint was 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 won't be upholding Mr E's complaint. I understand this will be very disappointing to Mr E and I'd like to assure him I understand his strength of feeling and why he feels he'd been unfairly treated in this matter. But for me to make a direction against T212 I need to be persuaded it failed in its obligations towards him and those failings caused him detriment.

In submitting his complaint Mr E has set out a lot of detailed arguments and analysis which I've read and considered in full. While I will look to keep the reasons for my decision brief for reasons of clarity, I don't mean any disservice to Mr E if he feels I haven't addressed every point and argument he's raised. I have considered everything he's said when reaching my decision.

### Appropriateness of the CFD trading account

Mr E has explained he feels CFD trading was unsuitable for him. To be clear the “suitability” of an investment typically relates to investment advice – under the rules found in *COBS 9 and COBS 9A*. I’ve not seen evidence that T212 gave any personal recommendation that would amount to advice, and so those rules aren’t relevant here.

Instead, the test is whether CFD trading is “appropriate” for the investor applying for those services, the relevant rules here being those in *COBS 10A*.

These in summary obligate T212 to have asked Mr E information about his knowledge and experience of investing in CFDs, and to use that in assessing whether CFD trading would be appropriate for him. The information I’d expect T212 to have asked Mr E would include information about the types of service and instruments he is familiar with, how often he traded them and in what volume, and any professional or educational experience held in this field.

During the application T212 took the following information about Mr E:

- Employed on a full-time basis
- Income - \$12,000 to \$29,999 – salary
- Savings and Investments - \$600 to \$2,999
- Purpose of the account – to earn income
- Expected annual trading – \$6,000 to \$12,999
- Risk tolerance – moderate
- Investment experience – funds and ETFs

And of his CFD trading experience:

- Number of trades – 1 to 4
- Number of years trading CFDs – 1 to 9
- Professional qualifications or experience – No
- Relevant qualifications or courses – “financial”

It also asked him four questions to test his knowledge of CFD trading. These questions related to stop loss, negative balance protection, leverage and trade monitoring.

Mr E’s responses caused T212 to present Mr E with a risk warning, as it considered from what he told it that CFD trading would be inappropriate. T212 has said this was because he hadn’t answered enough of the knowledge test correctly. It’s unclear if any of the personal information had any bearing on that outcome but regardless, T212 considered CFD trading was inappropriate for him.

If trading CFDs would be inappropriate, as T212 considered it would be for Mr E, *COBS 10A.3.1R* requires firms to warn the client. The rules don’t specify what that should say but I would expect it give Mr E enough information to understand that the type of trading he was looking to carry out would be inappropriate for him. T212 says its warning to Mr E said as follows:

“Based on your answers, we would like to advise you to carefully consider if CFDs are the right product for you. Before you proceed, remember that CFD trading carries a high risk of losing your entire deposit. If you would like to continue nonetheless, please confirm that you understand this.”

I'm satisfied the above would be a sufficient warning given it highlights the account and services being applied for may not be the right products for Mr E to trade with, and that there was a high risk of total loss.

It's important here that the rules don't obligate T212 to stop the application there, it merely requires the firm to warn the client about the inappropriateness of such trading for them. Firms are guided at this stage by *COBS 10A.3.3G* which, in summary, says if a client asks to go ahead despite a fair warning being given then it is for the firm to consider to do so having regard to the circumstances. Important here is this is guidance and so doesn't carry as much weight as the rules cited above.

I would however expect T212 when considering that guidance when Mr E applied for his account to have regard to its general obligations, including those under *PRIN 2.1.1R*, most relevant here being:

- Principle 2 – A firm must conduct its business with due skill, care and diligence.
- Principle 6 – A firm must pay due regard to the interests of its customers and treat them fairly

I've thought carefully about what T212 knew about Mr E when he applied for this account to determine whether the decision it made to allow Mr E's application to continue was fair and reasonable

It's important here to highlight that having no experience of CFDs isn't a reason to preclude Mr E from trading CFDs. What I need to determine here is whether T212 had information about Mr E that ought to have led it to reasonably conclude it wouldn't be in his best interests to do so.

Mr E told T212 in his application that he had experience of trading a small number of CFDs for at least a year. In his submissions to our service, he has explained that experience was gained only from using a demo account. I understand the point and accept either way Mr E had little to no CFD experience. But as I've said that doesn't preclude T212 from accepting his application. Based on what T212 knew about him it would've reasonably understood that he had a fair degree of investment experience. I say this because the records provided by T212 demonstrate that in the year prior to applying for his CFD trading account he'd carried out around 700 trades on his general investment account. He would then be the sort of investor without previous CFD experience but with sufficient other experience that despite CFDs being inappropriate for him wouldn't be unfair to allow him to trade CFDs given his other experience. Given that experience I don't think it would've been unreasonable for T212 to conclude it wouldn't be acting unfairly by allowing the application to proceed.

I understand Mr E says he told T212 he didn't want to take the level of risk CFD trading involves, which he did by answering a question about his risk tolerance as moderate. That may well be one of the reasons why T212 warned him about the inappropriateness of CFD trading. As I've said above T212 told him CFD trading was inappropriate, but he asked to continue regardless. I would expect T212 to take into account what he said about his risk tolerance when deciding whether to allow the application to proceed, but given he wanted to take some risk, had the previous experience he did and acknowledged the risk warning, I don't find that the risk tolerance he declared ought to mean T212 ought to have prevented the account opening.

Mr E has placed much weight on his personal and financial circumstances, which again is unclear if it had any bearing on T212 concluding CFD trading was inappropriate for him. But it is information he gave T212 which it would reasonably be expected to take into account

when making its decision about whether to allow the application to continue. In my view Mr E's declaration of what he expected to trade against his income, savings and other investment wasn't so disproportionate that T212 ought to have considered allowing him to trade on that basis would go against what the guidance in *COBS 10A.3.3G* envisions. In my view he had sufficient means based on the information T212 had about him to carry out some CFD trading.

In my view taking into account all the information T212 had about Mr E, I don't think it was unreasonable for T212 to conclude that someone in Mr E's position as he declared it would be the sort of investor the guidance in *COBS 10A.3.3G* had in mind when allowing firms the discretion to allow an application to open a CFD account. T212 was entitled under the rules to rely on the information Mr E had provided and had fairly warned Mr E that CFD trading was inappropriate for him and informed him of the risks of continuing with his application.

Lastly I note what Mr E has said about self-certification and the references he's made to publications by the regulator, Financial Conduct Authority (FCA). I'm aware of those and have considered what those say. But as I said above, T212 did deem this trading inappropriate for Mr E, which is what much of the references he's provided look to demonstrate. But for the reasons I've given above, I'm satisfied on balance T212 acted fairly in the circumstances in allowing Mr E to trade CFDs.

It follows then I've not seen T212 has acted unfairly by allowing Mr E to open a CFD account and trade with it.

#### Whether T212 ought to have intervened in Mr E's trading activity

There are limited obligations on firms to intervene in a clients CFD trading activity, given the execution only basis they operate on. The most relevant in Mr E's situation is the FCA's guidance on the fair treatment of vulnerable customers in FG21/1, which in summary requires firms to identify vulnerability when it occurs and take steps to ensure they are treating them fairly. And since 31 July 2023, the additional obligations placed on firms by the consumer duty, the most relevant here being those around understanding and support firms provide to consumers.

T212 provided its CFD services to Mr E on an execution only basis, which means the onus about whether and how to trade lie with Mr E. From the point of the account opening there is no obligation on T212 to reassess appropriateness periodically. I don't agree with Mr E then that T212 needed to consider whether the account was appropriate for him any further, even where it was opened on the basis that it was inappropriate.

Following communication between itself and Mr E which caused T212 some concern, it placed a close-only restriction on Mr E's account on 13 November 2024. This prevented Mr E from opening new positions but gave him time to close his open positions. I've thought about whether from the communications between Mr E and T212 before this ought to have led the firm to consider earlier Mr E was potentially displaying signs of vulnerability. Having reviewed those communications, I'm not persuaded these demonstrate anything said or done by Mr E which likely ought to have given T212 reasonable concern to act. It wasn't until 1 January 2025 he shared with T212 that he was worried about his losses and, separately, on 5 January 2025 that his trading was impacting his mental health. By this point however T212 had already restricted the account, which had remained in place since November 2024.

Mr E feels T212 should've been actively monitoring his account looking for patterns that might demonstrate vulnerability, and that such vulnerability could be inferred from his declared financial position. I've thought carefully about this, but I'm not persuaded T212 that

it needed to act sooner than it did. From the information that T212 knew about Mr E and his account usage, in my view, it wouldn't have been unreasonable for it to consider that he was trading within his means, and the patterns and activity of this usage wouldn't reasonably indicate that Mr E may be demonstrating vulnerability. I say this because, in particular since T212 implemented its updated account monitoring procedures, Mr E's losses and net deposits weren't so out of line with the information he'd told T212 about his financial situation, and some of the larger some larger losses in this period were incurred from positions closed in the days before his account was restricted.

While I have great sympathy for the position Mr E has found himself in, given what I've said above it follows then I'm not persuaded that T212 ought to have acted to restrict Mr E's account sooner than it did.

#### Closure of the short Reddit position and charting information

As Mr E held a short position, to close it he'd need to open the opposite buy position, which T212 terms explain and Mr E likely understood based on the previous trades he'd placed. He's provided evidence that T212's app showed a price of \$117.33 against his opened position price of \$117.33. In his view then he would've been able to close his position for no gain or loss. But he wasn't able to sell at the chart price because the quote the app was displaying was to buy at \$117.66, which would incur Mr E a loss.

He left the position open and was under the expectation having reported the discrepancy to T212 that it would resolve that matter. But it didn't, instead replying that the pricing feeds differ, the chart being last executed and the quote being where the market was quoting live positions. It wasn't until later he closed the position once the Reddit price had moved much higher, causing him to close at a \$6,176 loss on that position.

I considered what T212's terms and policies say about this. I've not seen the need to recite them here as our Investigator has already done so, but in summary these say that Mr E has agreed by applying for and using the service to disclosures such as that T212 doesn't guarantee the timeliness of data it receives and that Mr E shouldn't act on the information the firm provides. I don't find this an unreasonable position given T212 receives that information from a third party, and as has happened here its charts are reporting different aspects – last execution and current quotes. It also says within its order execution policy that quotes are displayed and updated as frequently as it can and that any price displayed should be taken as an indication. These terms are similar to those used by other firms and I don't think T212 would be treating Mr E unfairly by presenting the information in the way it when Mr E decided to continue to hold the position.

It's unfortunate the market moved so far against him when it did, but I'm satisfied at the moment he saw the prices, T212 was providing that information fairly. I can't fairly then say it has responsibility for Mr E's decision to continue to hold that position or for the losses he later incurred because by doing so, or that it fell below its obligations around best execution.

It follows I'm not persuaded that T212 need to do anything more around this part of his complaint given it provided fairly information that such information is to be treated as indicative, that the accuracy and timeliness of it isn't guaranteed and that it shouldn't be relied on when making investment decisions.

Again, I do sympathise with the situation Mr E has found himself in, but in my view I can't fairly direct T212 compensate him for the issues and losses he's incurred.

**My final decision**

For the reasons given above I don't uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 4 March 2026.

Ken Roberts  
**Ombudsman**