

## The complaint

Mr T complains that Trading 212 UK Limited failed to provide clear, fair and not misleading information regarding an Exchange-Traded Product (“ETP”) he invested in on its platform.

## What happened

Mr T was invested in an ETP held through Trading 212’s platform. On 16 January 2025, Mr T contacted Trading 212 to report that he’d seen that the ETP had been liquidated and expressed concerns that it hadn’t notified him of this.

Trading 212 contacted Mr T the following day to explain that the liquidation occurred to do a sharp decline of 21.76% of the price of the underlying asset in the ETP, which triggered the intraday rebalance mechanism, (designed to handle extreme market fluctuations). Unfortunately, the leveraged structure amplified the loss, causing the ETP value to fall below \$0.

Mr T raised a complaint with Trading 212 as he was unhappy that he wasn’t notified in advance and he was dissatisfied that no payout was offered.

Trading 212 consider the complaint but didn’t uphold it. In summary it said:

- As stipulated in the Redemption Notice provided by the ETP issuer, when the value falls below \$0, the product is liquidated, and any remaining securities are redeemed at \$0.
- The Redemption Notice also detailed the intraday rebalance mechanism and so it didn’t think it was responsible for providing unclear information.
- This process is governed by the terms set out by the ETP issuer, and the liquidation of the product was entirely beyond its control as an execution-only broker.
- It operates solely to execute trades as directed by its customers and does not have access to or advanced knowledge of corporate actions, such as the liquidation of financial instruments.
- The issuer confirmed that there was no residual value for holders of the ETP following liquidation.

Mr T didn’t accept Trading 212’s response and so he referred his complaint to this service for an independent review. In summary he said:

- There was a lack of transparency in the Key Information Document (“KID”) provided for the ETP as it didn’t explain that, upon liquidation, any remaining funds would not be returned to investors.
- Trading 212 failed to provide the required five days’ notice of the liquidation, leaving investors unaware.
- Although Trading 212 claims to be providing execution-only services, it is responsible for pursuing accountability from the ETP issuer and ensuring it adhered to the terms of liquidation.

One of our investigators looked into Mr T’s concerns but didn’t think Trading 212 had acted

unfairly. In summary, they said:

- Trading 212 is required to provide customers with a KID during the investment process, so that the client understands the key features of the product they are wanting to invest in, and the potential gains and risks involved.
- However, Trading 212 isn't responsible for defining the terms and conditions of the ETP. This is the responsibility of the issuer.
- The liquidation of the ETP was entirely beyond Trading 212's control and, as an execution-only broker, it didn't have access to or advanced knowledge of corporate actions.
- Once a corporate action becomes effective on the exchange, Trading 212 will place a trading notice on its platform which it did on 15 January 2025 (later updated on 23 April 2025, after receiving the official delisting terms).
- Overall, they felt Trading 212 had kept Mr T updated on the situation and didn't think it was responsible for the losses he had suffered.

As Mr T remained unhappy, his complaint 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.

I think it's important to start by explaining Trading 212 is an execution-only broker and so it would have only provided information to Mr T, not any advice. As such, Trading 212 wouldn't have provided specific information about the investments that Mr T made, beyond providing the KID. I've seen a copy of the KID provided to Mr T and I'm satisfied it explained how the ETP would operate – including in what events may trigger an early redemption of the product. This included the following:

*“The ETP securities may be redeemed prior to the scheduled maturity date, if: (1) the Issuer redeems all of the ETP Securities in the series following five calendar days written notice to you; (2) an event of default occurs; or (3) a mandatory redemption event occurs. A detailed description of early redemption events can be found in the prospectus in the Terms and Conditions of the ETP Securities.”*

The KID made it clear that the prospectus was available to Mr T on the issuer's website and as Trading 212 was only providing execution-only services to him, it would have been his responsibility to read the prospectus (and the specific terms and conditions) before deciding whether he was happy to invest in the ETP. To be clear, the issuer of the ETP was responsible for the information included in the prospectus and the terms and conditions of the ETP and not Trading 212.

The KID also made it clear to Mr T that the ETP was a high-risk product and that he could lose all of his capital in a stress scenario, i.e. in extreme market circumstances, such as the one which occurred. The KID also makes it clear what happens if the issuer is unable to pay out. It explains that the trustee can enforce the security over the Collateral Assets and sell these to use the proceeds to pay the amount owed to investors. However, it also made it clear that the proceeds of such sale may not be enough to cover all amounts owed to investors and that investors could lose some of all of their investment.

I understand Trading 212 has referenced the Redemption Notice provided in January 2025, however, I've not considered this as it was provided by the ETP issuer and not Trading 212.

So I'm satisfied Trading 212 provided Mr T with clear, fair and not misleading information regarding the level of risk and the scenarios in which he could lose all his capital.

I understand Mr T is unhappy that Trading 212 didn't notify him of the liquidation of the ETP and has suggested that it ought to have given him five days' notice of this. However, I don't agree. I say this as I'm not persuaded Trading 212 would have been able to inform Mr M that his investment was being delisted, as it wasn't in a position to monitor his investment due to it providing an execution-only service. Also, the five days' notice period Mr T has referred to is in the event the issuer redeems all of the ETP Securities in the series, but I understand the scenario here was actually a mandatory redemption event and so five days' notice was not possible or prescribed in the KID.

I can't uphold Mr T's complaint on the basis the Trading 212 had a moral duty to act in his interests. Trading 212 didn't have any input into Mr T's decision to invest and so I don't think it would be right for it to compensate him for the losses he suffered.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 October 2025.

Ben Waites  
**Ombudsman**