

The complaint

Mr S complains that IG Markets Limited liquidated his contracts for difference positions causing him significant financial losses.

What happened

Mr S held a contract for difference (CFD) trading account with IG Markets Limited (IG). On 5 August 2024, Mr S was at risk of liquidations in his account due to US market volatility and his exposure in US Tech 100. Before the market opened that day, Mr S closed four short put option contracts on US Tech 100 and paid £100,000 into his account.

When the market opened the prices rose immediately resulting in negative equity in his account. IG made a margin call and proceeded to close his positions leading to large losses. Mr S complained that :-

- The liquidation should not have occurred because £100,000 had already been deposited into the account and would have prevented negative equity
- The prices he was offered before the market opened were not reasonable and feels IG took advantage of clients in periods of stress
- He was treated unfairly and in breach of the customer agreement was left exposed with around \$8 million in US Tech100 while they made large profits the same day
- IG allowed him to trade millions of dollars in shorts options with less than \$50,000 margin
- IG didn't do a credit check for him

IG didn't uphold his complaint and in the final response letter said Mr S had failed to maintain the required equity in his CFD account which led to a margin call. At the time of the margin call, his account was £10,464.70 in negative equity which led to the automatic and partial closure of his positions.

In relation to the pricing, they say the spreads were considerably wider, but this was the general market conditions and a result of low liquidity and high volatility, so they don't accept the pre-market pricing was unfair. They say he was informed of the options available to him and as his account is execution only, all trading decisions were made at his own discretion.

IG say they are not required to obtain evidence of a customer's declared income and are entitled to rely on the information provided by their customers. They also add that he was an elected professional client, and Mr S was made aware of the protections he would lose at the time of making the upgrade application.

The investigator considered the merits of the complaint and said IG's pre-market pricing was unreasonably wide but that doesn't mean it is unfair. They were not obliged to give him a price and did give him all the options available. Ultimately, Mr S made a decision based on the options available to him.

He said the margin requirements were not met so the margin call was correctly triggered, and the positions were liquidated. He said the prices had continued to go against him, and if IG hadn't closed his positions, he would have continued to lose equity in his account.

He said the application of his funds to the account took nine minutes which exceeds expectations particularly as the terms of the account state it can take 1-3 days to be applied. He also said there was no evidence that the CFD account he held was not appropriate. He didn't uphold the complaint.

As Mr S didn't agree with the investigator, this came to me for 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 agree with the investigator's conclusion for broadly the same reasons. I do not uphold this complaint.

My role at this service is to resolve individual disputes between businesses and consumers. It is not my role to tell a business how it should operate or question its policies. That is the role of the regulator the Financial Conduct Authority (FCA). My role is to consider whether IG have been fair and reasonable in its dealings with Mr S with the relevant rules and regulations in mind.

I haven't commented on each point Mr S makes and have focused on the issues that I think are key to the complaint, but I would like to reassure him that I have considered all the points and evidence provided.

Pre-market prices

I have started my investigation by looking at the pre-market prices Mr S complains about. He says IG have taken advantage of the situation to profit from it. I fully appreciate why Mr S says this, particularly as IG did gain here but my consideration is whether IG have been unfair to him. Mr S said the IG representative accepted the prices were unreasonably wide, and the calls I have listened to confirm this. However, it is clear that the representative also repeatedly explains why they wouldn't normally offer a price here and any price offered by the options desk would be wide as the market was closed and they would be open to risk. Normal prices were not on offer because the system derives a price based on the underlying market which wasn't open. Mr S was adamant that he needed a price in order to limit the risk he was exposed to.

IG is clear in their terms and conditions that they are under no obligation to give him a price when the market was closed. Clause 4.1 of the terms and conditions explain this. They did explain that they would be open to market risk and explained the three options available to him - to wait until the market opened for prices, fund the account to deal with the equity deficit, or accept the price given and close his positions.

I think the representative was clear in explaining why the spread was wide and also detailed all the options available to him, following which Mr S himself made the decision to close his positions earlier at the price quoted. Given the situation they were in, I'm not persuaded IG was taking advantage of the situation or have been unfair or unreasonable in quoting the prices they have.

Negative Equity

Mr S's account was showing in negative equity and he added £100,000 to manage his account. The information I've seen shows the payment was made at 14:25 on 5 August 2024 and received at 14:27. When the markets opened at 14:30 the funds had not yet been allocated to his CFD account and were allocated at 14:36 after his positions had been closed. This forms the basis of Mr S's argument – that the funds had already been received so his account was no longer in negative equity and should never have resulted in the liquidations.

There are a number of considerations here, the payment method used, the time at which the funds were transferred, what was a reasonable time for the funds to be allocated and whether IG's actions were reasonable. IG advised that an account transfer is not the quickest method to add funds to an account as there is a manual process involved in allocating funds to the account, as such the terms of the account allow for 1-3 days for this. Mr S was aware of the different ways in which the account can be funded which could have been quicker than the manual processes involved in allocating funds in this way. Given that this was a period of high market volatility, it is reasonable to expect IG would have been receiving many deposits at the time. In the circumstances, nine minutes is not an unreasonable time to apply funds to the account.

I would also add at this point, that Mr S was already aware of the market situation having been trying to manage his account earlier that day long before the market opened at 14:30, but he waited until 14:25 to fund the account. The market was volatile and an increase in activity was inevitable, so he could have added funds sooner to avoid the scenario that then unfolded. Mr S is an experienced trader and this was a risk that he chose to take, it is unfortunate that the market continued to move against him.

Margin call

I appreciate the situation with the additional funding must have been frustrating for Mr S, however, it is clear, the reason the positions were liquidated was because the minimum account margin requirement was not met. The margin requirements are noted in Rule 22.5.13 of the FCA's Code of Business Sourcebook, and clause 17.2 of IG's terms and conditions that Mr S signed up to outline what happens when there is a breach of the margin requirements. As soon as the account margin fell below the required amount, IG closed any positions to manage this. The positions were closed on a first in first out basis – Term 15 (4)(c) confirms this.

This could have been avoided if the account margin had been maintained at a higher level. I understand that the level of margin he needed to maintain increased, but this is in practice the reality of CFD trading and being exposed to movement in the market with little notice. As stated in his professional client application, he is an experienced trader in CFD's, so he would have been aware of the risks in this type of trading. Given that Mr S had signed the terms of the account, I think it is reasonable to expect that he was aware of his contractual obligations to maintain the account margins as well as IG's right to force closure of any relevant open positions to maintain the margin requirements.

I know Mr S will be disappointed with my decision, but I'm not persuaded IG's pricing was unfair or that they have been unreasonable in applying the additional funds for the account margin requirements which ultimately led to the liquidation of his positions, so I won't be asking them to do anything.

My final decision

For the reasons given above, I do not uphold this complaint against IG Markets Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 December 2025.

Naima Abdul-Rasool
Ombudsman