

The complaint

Mr M complains that Robinhood U.K. Ltd (Robinhood) didn't execute his stop sell order on the day it was made.

He says the information provided by Robinhood didn't warn him that stop sell orders would only be executed during market hours. Mr M also says the information provided by Robinhood about the order was misleading.

Mr M says if Robinhood had informed him that the order would only be executed during market hours, he would have acted differently.

What happened

On 31 March 2025 and 1 April 2025 Mr M placed a number of stop sell orders in respect of stock, which I will refer to as Stock X.

The orders were cancelled by Mr M and replaced with different stop prices. The last order was placed at 16.59 (4.59pm) U.S. Eastern time (ET) on 1 April 2025 for \$7.45.

Regular or core market hours are 9:30am - 4pm U.S. (ET). U.S. extended trading hours are from 7:00 a.m. to 9:30 a.m. ET and from 4:00pm. to 8:00 pm (ET). As Mr M's order placed his order outside regular market hours, it wasn't executed that day.

By the next day, the price of the stock had fallen considerably.

Mr M contacted Robinhood on 2 April 2025, to ask why it hadn't executed his stop sell order. It explained that stop orders didn't convert outside market hours and it said the reason for this was trading volume was low and spreads were wide. Robinhood said any orders made outside market hours would be queued for the market open on the next trading day.

Mr M complained to Robinhood and said there was nothing in the information it provided when he placed the order to explain the time limits. It said he had placed the order to lock in a profit, and his profit had been totally eroded because the order hadn't been executed. His expectation had been that when the price hit \$7.45, the sale would be executed.

Mr M questioned why other individuals were allowed to trade out of hours.

Mr M also said the graphic used by Robin to explain a stop sell order was misleading and it should have a warning that the order had to be placed in a market hours session.

Robinhood didn't uphold Mr M's complaint.

It noted that Mr M had contacted its support team regarding a pending sell stop order. It said that stop orders did not execute in extended hours trading.

Robinhood said that the way sell stop orders worked was outlined in its Help Centre. It said Robinhood brokerage accounts were self-directed, and resources were available in its Help Centre to help Mr M manage his account.

Mr M didn't agree with Robinhood and referred his complaint to our service.

Our investigator considered Mr M's complaint but didn't think it should be upheld. She said she had considered the log of stop sell orders placed between 31 March and 1 April which

were subsequently cancelled and replaced with other prices. The investigator noted the final order was placed on 1 April at 16.59 Eastern Time which was submitted outside market hours and that was the reason it wasn't executed on that day.

The investigator said this type of order typically did not execute during extended or overnight sessions and they were usually queued and activated on the next trading day, which was consistent with industry practice.

The investigator noted Mr M's comments about the information provided by Robinhood. She said during the first step of the process, before a customer placed an order, they were presented with a screen which displayed the different types of order they could place and there was an "i" button at the top of the screen which prompted customers to access Robinhood's Help Centre which had information about the different types of orders.

The investigator noted that the Help Centre had clear and comprehensive information about extended hours trading and stop orders.

The investigator considered the chart referred to by Mr M, which explained how a stop order worked. She said she thought this was a visual representation which was supported by additional resources providing more detailed information on the preceding page.

The investigator noted that Robinhood provided an execution only or self-directed platform and its customers were therefore responsible for making their own decisions and placing orders. So, she didn't think it was unreasonable therefore to expect customers, such as Mr M, to access the linked content which provided more detail on stop orders, other types of orders and trading hours.

Mr M disagreed with the investigator's conclusions.

He accepted that the information regarding how the stop order worked was provided on the Robinhood website, but he said a customer viewing the graphic would reasonably expect the stop order to work as it depicted, without any caveats. He said the graphic oversimplified a transaction that was dependent on various factors and noted the warnings were linked on a previous page, not the graphic page itself.

Mr M also questioned why the stop order was dependent on market hours whereas traders were able to trade in extended hours. He said that wasn't fair and said Robinhood wasn't being fair to him by limiting a stop order to market hours while at the same time accepting trades in extended hours.

Mr M said given the availability of computer automation, there was no excuse for a stop order that only worked in market hours.

He also said this anomaly favoured those involved in financial scams and put the ordinary customer at a disadvantage.

As no agreement could be reached Mr M's complaint was referred to me for review.

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.

To recap, Mr M wanted to execute a stop sell order in respect of stock X. That meant when the stock reached the stop price, his order would become a market sell order. However, there were additional restrictions in place on this type of order. It would only be executed in regular market hours which in this case were 9:30am - 4pm US ET, so not in extended hours or overnight sessions. And it is not in dispute that Mr M placed his stop order out of market hours.

Mr M has said this gives an unfair advantage to those who are able to trade during extended hours. I am not persuaded on balance that the fact other trading could take place within this period made it unfair for Robinhood to place a limitation on *this* type of order. Any customer with Robinhood seeking to place a stop order would be in the same position as Mr M, so I don't think it was treating Mr M unfairly.

It is also important to clarify here that our service is an informal dispute resolution service - we are not the regulator. We look at individual complaints brought by consumers against financial businesses. I am assessing whether Robinhood acted correctly and fairly here in relation to instructions given by Mr M and in respect of the information it provided to him. I am not assessing how the trading system operates as a whole.

Robinhood has provided explanation as to why stop orders wouldn't be executed outside core or regular market hours, namely that typically the volume of trading at these times would be low and the spread between the bid price and the offer price wide, and it also explained that this is general market practice. I consider its explanation to be fair and reasonable.

In any event, I consider Robinhood made it clear in its terms and conditions and in the information in its Help Centre that this type of order was time limited.

In the customer agreement it highlighted that some of the order types may not be available at all times and indicated where further information was available. It said:

5. ORDERS ON THE PLATFORM

5.1 You can place different types of orders on the Platform, including (i) market orders, (ii) limit orders, (iii) stop orders, (iv) stop limit orders, and (v) trailing stop orders. These order types may not be available at all times. Please review the further information regarding order types and limitations on the Help Centre, located at <https://robinhood.com/gb/en/support1/articles/order-types/>, before placing such orders.

And in the Help Centre information in respect of order behaviour during extended or overnight hours it said:

"Stop orders

Stop orders won't execute during extended or overnight hours. The stop limit and stop loss orders you place during extended or overnight hours will queue for the opening of regular market hours on the next trading day."

So, I don't think there was anything incorrect in Robinhood applying this time limitation to Mr M's order or that it treated Mr M unfairly by doing so.

Information provided to Mr M

It is important to firstly note that Robinhood does not provide advice to Mr M on how or when to execute his trades because it provides a self-directed or execution only service.

The terms and conditions of the customer agreement clarify this and say:

"1.6 The Services are provided through the Platform, and you agree to receive and transmit financial information through such electronic means. Your Account is self-directed and you are solely responsible for any and all orders placed in your Account, which means that all orders entered by you (or on your behalf) are unsolicited and based on your own investment decisions. You authorise RHUK and RHS to open or close your Account, place and withdraw

orders, and take such other steps as are reasonable to carry out your directions. All transactions will be effected only on your order or the order of your authorised delegate, except as described in this Agreement.”

However, Robinhood must provide information to Mr M in a clear and simple way which enables him to use its service.

Mr M says Robinhood didn't do this and the information it provided by way of chart or graphic was misleading because that chart, which explained how a stop sell order worked, didn't warn Mr M that it would only be executed in market hours.

I have looked carefully at the chart in question, and I consider it gives a visual explanation of how the stop order works in very broad terms. It shows that once the price reaches a certain specified point, the order is executed. However, it is silent as to whether this takes place in regular market hours only or also includes extended trading hours.

I don't think this chart can be taken to represent a detailed and full explanation of how the order works and when it can be used and I don't consider it to be misleading.

I consider that more detailed information was signposted by Robinhood earlier in the process with the “i” button contained in the screen which lists the different types of order.

I think that “i” button prompts customers, such as Mr M, to access more detailed information from the Help Centre *before* placing their order. And if Mr M had accessed the Help Centre he would have found clear and simple information informing him that the stop sell order would only be executed in market hours as set out above.

I also note the customer agreement refers to order types available on the platform and says at the end of section 5.1 and in 5.2:

“Please review the further information regarding order types and limitations on the Help Centre, located at <https://robinhood.com/gb/en/support1/articles/order-types/>, before placing such orders

5.2 If you do not understand the order types and limitations applicable to the Platform and your Account, please request further assistance, or take independent advice. Please do not place any orders if you do not understand these order types and limitations.”

And

“5.10 The Website contains further information regarding order types and limitations, which you agree to read and understand before placing orders.”

Financial businesses, such as Robinhood, can choose how they set out information for their customers, providing the information given is clear and straightforward and includes the information customers need to use the service. Here, I don't think the signposting of information by Robinhood was unclear or complicated or made the information difficult to find. I think finding more detailed information about the different types of orders was straightforward and the information set out there was clear. So, I think Mr M was made aware by Robinhood of where further detailed information could be found and the information required by Mr M was reasonably available.

I don't therefore consider that Robinhood has acted incorrectly or unfairly or breached any regulatory standards in the way it provided information to Mr M.

Summary

While I appreciate Mr M's frustration that his order wasn't executed so he wasn't able to protect his investment as intended, I don't think Robinhood has acted incorrectly or unfairly here so I won't be asking it to do anything further.

My final decision

My final decision is that Mr M's complaint against Robinhood U.K. Ltd is not upheld

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 January 2026.

Julia Chittenden
Ombudsman