

The complaint

Mr C complains Interactive Investor Services Limited provided misleading information about the position of his trading account.

What happened

Mr C trades online with Interactive. In late October 2024 he sold a number of the assets he held in his account with the firm. He then used the cash he'd raised to purchase new assets.

Mr C checked back on his account a few days later. At this time, he recalls being shocked to see a warning that his account was showing as having a negative balance. The warning encouraged Mr C to make further deposits in his account or sell assets to cover the shortfall. This unsettled Mr C, and he remained concerned until he was able to speak to Interactive later that day.

Interactive explained the negative balance was caused by one of the assets he'd sold taking slightly longer to settle. This meant that when making his onward purchases, Mr C had spent money that hadn't yet settled, and this was temporarily reflected on his account as a negative balance. Interactive assured Mr C that the funds would eventually settle, and he'd suffer no adverse consequences.

Mr C complained. He felt the message Interactive had sent him was misleading and had both distressed and inconvenienced him. In addition to this, he didn't think Interactive's website provided him with sufficient information to have reached this conclusion without having to call and speak to the firm.

Interactive rejected Mr C's complaint. It didn't feel its warning contained any inaccurate information. It further explained that information relating to settlement times wasn't all that easy to provide. Settlement times vary from asset to asset. So Interactive didn't seek to make this information available at the point each specific trade was keyed. The firm explained that as an execution-only broker, Interactive expected its clients to research their assets prior to trading them, and that more accurate settlement information would be available from the relevant fund manager. Mr C remained unhappy with Interactive's response, so he referred his complaint to our service.

Our investigator didn't uphold Mr C's complaint. They concluded broadly that it wasn't unfair for Interactive to have provided the negative balance warning for Mr C. They found that there was information on Interactive's website which explained trades could take up to four working days to settle. Ultimately, they were persuaded Mr C's information needs had been met, Interactive was delivering its services in line with its terms and conditions, and that the firm hadn't treated him unfairly.

Mr C didn't accept our investigator's opinion. He felt we'd overlooked the obligations Interactive owed him under Consumer Duty. As he saw it, by not equipping him with clearer information about settlement times, and then sending him alarming warnings about the position of his account, Interactive was failing to treat him fairly.

As no agreement was reached, the matter's been referred 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've reached broadly the same conclusions as our investigator. I shall explain why.

The evidence in this case persuades me the transactions Mr C keyed, both the sale of his existing assets and the onward purchase of new assets, were executed in line with Interactive's standard terms and conditions. Mr C will have accepted these terms at the outset of his relationship with Interactive.

It happens that in this case, Mr C's decision to key those transactions temporarily created a negative balance on his account. This happened as the assets he'd sold didn't all settle at the same time, so the purchases Mr C made were partially funded by money that was due to him, but had not yet settled in his account. Interactive explains in its terms that it allows trading in this way, and there's no penalty for doing so. Its website explains that depending on the type of asset he's trading, it can take up to four working days to settle a trade. And, as an account feature, users of Interactives online dealing services are able to view a list of recent orders which have not yet settled.

In this context, I'm not persuaded it was unfair or misleading of Interactive to have provided Mr C with the automated warning which was the catalyst for his complaint. The warning is fairly brief in its content, and I accept it would've been more helpful from Mr C's perspective if, in this context, it'd included more detail. But broadly, I'm satisfied the warning is sufficient in the context of an execution-only dealing service, to have met Interactive's obligation to meet Mr C's information needs and communicate with him in a way which was clear, fair and not misleading. I'm further satisfied that, as of the time Interactive sent its warning to Mr C, there was sufficient information available to him on its website for him to have reconciled the warning he'd received with the current position of his account.

I accept that, as Mr C has said, the warning caused him some distress. And he took time out of his day to call Interactive and seek assurances as a result. But as I'm not persuaded it was unfair of Interactive to have provided its warning in the first place, I couldn't fairly or reasonably require the firm to compensate him for this. I am satisfied that when he called the firm, Mr C was given clear and accurate information about the origins of the warning, such that his information needs were met and he was treated fairly.

Mr C has made much of the fact that Interactive doesn't provide clients with a projection of settlement times at the point that trades are keyed. But I'm not persuaded that information is all that significant in this context. Interactive's terms permit trading with unsettled cash, and there's no penalty for doing so. So it's not strictly necessary to time orders in such a way that only settled cash is used for each transaction. From Mr C's perspective, the only detriment to doing so would merely be the receipt of an automated warning. But as I've outlined above, I'm satisfied there was sufficient information available on Interactive's website at the time those warnings are received for a self-directed reconciliation to occur. I'm not therefore persuaded that Interactive's decision to not forewarn Mr C about the settlement times of each of his trades is unfair or unreasonable.

Mr C has argued Interactive's treatment of him falls short of what's expected of the firm since the implementation of the Consumer Duty. But I've not found his arguments persuasive in this context. Interactive provides services to Mr C on an execution-only basis. I would fairly

and reasonably expect the firm to deliver that service in compliance with its terms and conditions, and in accordance with its broader regulatory obligations which include the Consumer Duty. Having considered all of the available evidence and arguments in this case, I'm persuaded Interactive has done so.

As a result of this, I've not been persuaded to uphold Mr C's complaint about Interactive.

My final decision

My final decision is that I do not uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 October 2025.

Marcus Moore
Ombudsman