

The complaint

Mr M complains eToro (UK) Ltd ('eToro') caused him to lose a substantial sum of money by causing him to make a trade he didn't intend to make.

What happened

Mr M had a trading account with eToro. He says he transferred all his savings to the account. And he intended to make a long-term, low-risk investment without leverage.

On the evening of 9 April 2025 Mr M opened his first position on eToro's online platform. He bought units of SPX500 which was a contract for difference (CFD). The purchase used leverage of x20. Early the next morning the market dropped by 2.5% and a stop-loss was triggered which closed Mr M's position.

Mr M discovered that morning that he'd made a substantial financial loss. He said he was shocked because he hadn't intended to use leverage and hadn't known leverage had been applied to the position he'd opened.

Mr M complained to eToro. He said eToro's platform was misleading and unfair because at the time he opened the position it didn't make clear what leverage had been selected and it set the default amount of leverage to x20.

eToro said the platform clearly displayed which leverage option applied, and the default leverage varied by product for reasons it explained. It added that placing a trade required a manual confirmation and eToro strongly encouraged customers to check the details before confirming a trade. It said there'd been no technical issue and eToro wouldn't offer compensation.

Mr M referred his complaint to this service. In summary he said the following:

- He didn't knowingly apply leverage to his trade and he wasn't clearly warned or made aware leverage was being used, let alone at a level he considered high-risk.
- eToro's platform didn't make clear that the default leverage was x20. The green outline which showed that x20 had been selected as the leverage amount was a barely-visible thin line whereas other prompts on the page – such as the 'buy' and 'sell' buttons – were bold and infilled.
- Standard industry practice for high-risk financial actions was to provide a prominent warning or confirmation dialogue but eToro didn't do that when a leveraged trade was placed.
- Leverage of x20 was aggressive and high-risk and so using that as the default for SPX500 was against the interests of most retail clients, especially cautious, long-term investors like Mr M.
- eToro's platform was intentionally designed to mislead new or inexperienced users

into leveraged trades which would be relatively profitable for eToro. There was no legitimate reason a high-risk leverage setting should be the default, especially without clear opt-in and strong visual cues.

- eToro had caused Mr M serious financial and emotional distress. He wanted this service to investigate its platform design and trading practices and determine whether applying x20 leverage to Mr M's trade without clear, informed consent constituted mis-selling or negligence. And he wanted to be reimbursed for his loss.

eToro said all trade parameters were clearly displayed in the trade window before a position was opened. And clients could adjust the parameters as they saw fit.

One of our investigators looked into Mr M's complaint. He didn't think eToro acted unfairly. In summary he said eToro provided an execution-only service as set out in its terms and conditions and Mr M had agreed to be responsible for his own decisions. And Mr M entered the trade of his own volition. The investigator also said he didn't find persuasive Mr M's argument that he couldn't see what leverage had been applied by default and that eToro's platform was unfair.

Mr M didn't agree with the investigator's view. He provided a detailed response with a range of screenshots and other documents as evidence. Amongst other things he said in summary that he'd assumed he was trading with x1 leverage and eToro didn't make clear enough that that wasn't the case. He described ways in which he thought eToro's interface was insufficiently clear and reasons why he believed eToro shouldn't have applied a default leverage of x20 to his order.

Because no agreement could be reached, the complaint was passed to me to review afresh and make 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'm not upholding the complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, including the detailed arguments and evidence from Mr M, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

I accept Mr M didn't intend to open a position using leverage of x20. But the fact he did so without meaning to doesn't necessarily mean eToro was at fault.

I've considered the warnings eToro included in its terms and conditions - which Mr M had to agree to in order to open an account – and on its website. Given these I think Mr M was aware – or in any case ought reasonably to have been aware – that in using eToro's service he had access to leverage. And he would've known about the risks attached to that. He mentioned having read about leverage in the week prior to his trade, and he mentioned having assumed his trade would be subject to leverage of x1.

I also find that information on eToro's platform at the time of the trade showed Mr M was opening a position in a CFD. In the screenshot he sent, the title of the product included a

label marked 'CFD'. And eToro's website and terms and conditions featured prominent warnings about the risks of trading CFDs and trading with leverage.

Most significantly, Mr M's screenshot also showed that eToro's platform displayed the amount of leverage that was selected during the process of opening a position. It showed the different amounts of exposure that were available, from x1 to x 20, and what the monetary amount of that exposure was which was the amount to be invested multiplied by the exposure. Under the leverage options was written, '*Note, higher leverage can amplify profit and loss, putting your capital at risk*'.

So, taking into account the information eToro gave Mr M, I find that when he opened his position eToro didn't prevent him knowing what he was doing by not giving him enough information.

I understand what Mr M says about other buttons being highlighted in a more prominent way than the leverage options. And I acknowledge his comments about the different ways other platforms work. But the fact remains eToro provided information that showed the parameters of the position Mr M was opening. And it remains that eToro had warned Mr M about the risks of trading CFDs and the risks of using leverage, and its platform displayed a further warning about leverage at the time Mr M was making the trade.

While it would've been possible for information about leverage to have been more prominent on the screen during the trading process, the information eToro provided on the screen about leverage – which included the warning as well as the options – wasn't so inconspicuous that I can reasonably say Mr M couldn't fairly be expected to see it while placing his trade. And had Mr M looked at the information about leverage which was displayed on the screen I can't fairly say it would've given him reason to think leverage had been set at x1. Although, as he said, the green outline on the x20 option wasn't as strong as some other highlights on the screen, I'm satisfied the x20 nevertheless was highlighted whereas the option for x1 leverage wasn't highlighted. So I don't find that the information was presented so unclearly that Mr M didn't have a fair opportunity to see the parameters of the position he was opening before he chose to proceed with his order.

In describing how he thought eToro meant to influence him into leveraged trading Mr M said for example that he'd searched for S&P based ETFs, but they didn't feature prominently in eToro's search results. He said the SPX500 CFD was the top search result. But – irrespective of any intentions on eToro's part – it remains the case that Mr M could've chosen not to trade a CFD. And if he did want to trade a CFD, he could've opened a position in it without leverage, if that was what he wanted to do. I don't see that eToro prevented him making those choices. Similarly, I understand Mr M's comments about eToro's decision to set the default leverage at x20 for the CFD he selected. But for the reasons I've given I find that eToro made that parameter sufficiently apparent on its platform for the purposes of Mr M's trade. And the decision to go ahead with the trade was Mr M's.

I don't necessarily disagree with all of the suggestions Mr M has made about ways eToro could do things differently. But I'm not persuaded that in the circumstances of this complaint eToro mislead him into doing something he didn't mean to do. And it's not for me to tell eToro what, in general, its business offering should be.

Overall, eToro provided its service on an execution-only basis and Mr M had enough information from eToro to be able to verify whether he was trading in a manner that was consistent with his objective. I understand leverage wasn't something he wanted to use, but I'm satisfied it ought to have been clear enough to him at the time that he could've opened a trade without leverage – or not opened a trade at all. I don't find I can fairly conclude Mr M was misled by eToro into making the trade he made.

I'm very sorry for the loss Mr M has experienced. It's a significant amount of money and I can well understand how this has affected him. But I hope Mr M will understand that in the circumstances of this complaint I can't reasonably hold eToro responsible for his loss.

My final decision

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 September 2025.

Lucinda Puls
Ombudsman