

The complaint

Mr A has complained that Plus500UK Ltd ('Plus500') allowed him to open and trade a contracts for difference ('CFD') account. Mr A would like his losses to be repaid to him plus payment for distress and inconvenience he has been caused.

What happened

Mr A opened his CFD account with Plus500 in November 2020. He also traded in options. Mr A told us he found the trading very addictive and deposited more than £200,000 incurring losses of over £55,000 before Plus500 reclarified his position in May 2025. The number of deposits he made – over 100 – in a four month period since the beginning of 2025 should have triggered concerns with Plus500 long before it did. Mr A raised his concerns with Plus500 on 2 June 2025.

In response, Plus500 didn't uphold Mr A's complaint. It said;

- It detailed its account opening process completed in 2020. Mr A had subsequently completed refresher questionnaires in 2024 and 2025 which indicated a CFD account was appropriate for him. It was entitled to rely on the information he provided.
- Its client agreement documents informed of the risk involved and Mr A had acknowledged that high risk.
- It didn't receive any communication from Mr A that he found the platform addictive, needed assistance or wished to impose limits on his account.
- It had contacted Mr A three times in April/May 2025 asking for evidence of the source of deposited funds and confirmation of the amount he had to trade. It was then that Mr A provided more recent bank statements showing repayment of debt, so the account was closed in his best interests.
- It offered £500 as a gesture of goodwill as full and final settlement of the complaint.

Mr A wasn't happy with the outcome and brought his complaint to the Financial Ombudsman Service. He didn't think Plus500 had safeguarded him – as a vulnerable customer – from financial harm and there were repeated indicators of vulnerability. He was allowed to facilitate deposits in excess of the stated and agreed upon limits.

Our investigator who considered the complaint didn't think Plus500 needed to do anything more. He said;

- He outlined the account opening process and Plus500's checks to make sure the account was appropriate for Mr A. Plus500 was entitled to rely on the answers Mr A provided.
- He was satisfied Plus500 had asked sufficient questions to make sure the account was appropriate for Mr A and he demonstrated an understanding of how the account worked.
- Refresher questionnaires were completed in 2024 and 2025. Plus500 challenged Mr

A's responses to the latter, but he provided proof of funds and it was decided he could continue trading.

- Plus500 gave sufficient warnings about the high risk nature of trading and losses that could be incurred. The investigator didn't think Mr A's losses would indicate vulnerability on his part or that Plus500 should have intervened.
- Plus500 did intervene when it became aware of Mr A's borrowing and terminated the account.

Mr A didn't agree with the investigator. He said;

- The investigator had indicated there were a number of occasions where there was doubt but Plus500 were able to avoid this because of technicalities.
- Plus500 should have validated his answers.
- When he told Plus500 he could lose up to £50,000 he was in a fit of worry and chasing losses. And at the time, his losses were in excess of that so Plus500 should have raised this internally. It must have been aware the information he provided was incorrect.
- His acceptable annual stated losses had been exceeded in a four month period.

Mr A asked for his complaint to be considered by an ombudsman, so it has been passed to me for a decision. Plus500 provided a further submission for my consideration;

- When it asked Mr A for an update on the amount he had available to trade it was from that point in time and not all time. It accepted Mr A's answer of £50,000 but he had been trading since August 2020 and the amount it asked for was an annual amount to trade which was clear in its email request.
- The fact Mr A was in a state of worry wasn't something it could have reasonably known or suspected. It was entitled to rely on the information Mr A provided and didn't know it was inaccurate and there was no reasonable way it would have known.
- It did provide friction to Mr A's trading by asking for an update on his available annual funds and verifying documents.
- It wasn't Plus500 who lacked accountability but Mr A in failing to take accountability of his own false statements and his decision to continue to trade.

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.

After doing so, I've reached the same conclusion as the investigator and broadly for the same reasons. I'll explain why.

I'd like to take this opportunity to explain that I fully understand Mr A's strength of feeling about his complaint, and I sympathise with the financial impact his trading losses with Plus500 have had on him and are likely still having on him. However, when looking at the circumstances surrounding Mr A's complaint, my role is to be impartial and consider what's fair and reasonable. This means taking into account Plus500's role, its obligations as set out by the Financial Conduct Authority ('FCA'), but also the nature of the service it offered which involve a high-risk form of trading.

I've first considered whether Plus500 should have allowed Mr A to open a CFD trading account in the first instance particularly bearing in mind Mr A's reference to his vulnerabilities. The FCA recognises that CFDs generally aren't suitable for most retail consumers. That's because they're complex in nature and they typically involve a high degree of risk because, more often than not, leverage is involved which as well as magnifying profits, can also magnify losses. So, there's a very real possibility that the consumer could lose all their investment.

In light of this, the FCA expects firms offering CFDs to undertake an appropriateness assessment with any consumer wishing to open an account, and that's to ensure that they understand the unique risks that apply to this type of investment. The rules that the regulator expects firms to follow when determining the appropriateness of a CFD account, are set out under the Conduct of Business Sourcebook ('COBS') COBS 10 and I've considered these when looking at Mr A's complaint;

'COBS 10.2 Assessing appropriateness: the obligations

COBS 10.2.1

(1) When providing a service to which this chapter applies, a firm must ask the client to provide information regarding his knowledge and experience in the investment field relevant to the specific type of product or service offered or demanded so as to enable the firm to assess whether the service or product envisaged is appropriate for the client.

(2) When assessing appropriateness, a firm must determine whether the client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or service offered or demanded.

COBS10.2.2

The information regarding a client's knowledge and experience in the investment field includes, to the extent appropriate to the nature of the client, the nature and extent of the service to be provided and the type of product or transaction envisaged, including their complexity and the risks involved, information on:

(1) the types of service, transaction and designated investment with which the client is familiar;

(2) the nature, volume, frequency of the client's transactions in designated investments and the period over which they have been carried out;

(3) the level of education, profession or relevant former profession of the client.'

So Plus500 had to gather relevant information of Mr A's financial situation, knowledge and understanding of investments, his investment experience and to establish if he understood the risks involved in the service and product offered – to decide if it was appropriate for him. This is the 'appropriateness' test. Mr A completed his application online and provided Plus500 with the information it needed.

I have to make my decision based on the evidence presented to me and so I have reviewed the questions Mr A was asked when he opened his account in 2020 and the responses he gave to see if Plus500 was reasonable in allowing Mr A to open his account;

- He was asked – and passed – three questions about his investment knowledge.

- Mr A had traded CFDs/leveraged investment more than 100 times in the previous three years, the leverage for which had been between 1:50 and 1:100.
- For his professional experience Mr A said he had prior education, professional qualifications and/or work experience in the financial services industry during the previous three years in a role which required an understanding of leveraged trading.
- He selected professional 'qualification and/or higher education'.
- Mr A was employed in financial services and institutions and earned between £75,000 and £150,000 per year. His savings, investments and assets were between £20,000 and £50,000.
- Mr A's primary source of funds for trading came from his employment income and he was able to risk between £5,000 and £20,000 each year.
- His anticipated trading frequency was monthly and for short term investment.

Mr A passed the appropriateness test and was able to begin trading. From the answers given I don't think there was anything that would have caused Plus500 concern in allowing Mr A to open his account. He had the knowledge and experience of leveraged trading and had sufficient income to support his anticipated trading.

Mr A completed a refresher questionnaire in April 2024. He passed the investment knowledge questions again. He said he had made between one and 20 trades in the last year with an average leverage of 1:30. He invested an average of £2,000 per month. But this time Mr A said he didn't have any prior education, professional qualifications and/or work experience in the financial services industry in the past three years. He was still employed but in the 'Consultancy/Professional services' industry and provided the name of his employer. His income was £100,000 plus, savings and investments were the same as was the source of his trading from income, but he reduced the amount he was prepared to risk each year to between £5,000 and £10,000.

Mr A answered 'No' to the question 'Do you have any personal or financial issues that could negatively affect your ability to trade?' He agreed he understood and accepted he;

'will only be buying and selling CFD products with Plus500, not the underlying assets. I understand CFDs are not appropriate for everyone and should only be traded by persons like me who have a high risk tolerance.'

After completing a further questionnaire in April 2025 Plus500 sought verification from Mr A about the amount he currently had available to trade per year as he had deposited more than he originally declared. Mr A replied to say it was £50,000.

But after this amount was exceeded Plus500 asked again, and Mr A said he had between £50,000 and £100,000 which he verified via May 2025 bank statements. However, what Plus500 saw in those statements caused it concern and it concluded CFD trading wasn't right for him.

As I have said above, I don't think Plus500 did anything wrong in allowing Mr A to open his CFD account. I don't think the answers he gave to the appropriateness test would have given it any cause for concern. And the rules – and Plus500's User Agreement – allow it to rely on information given by a customer;

'Reliance on information

COBS 10.2.4

A firm is entitled to rely on the information provided by a client unless it is aware that the information is manifestly out of date, inaccurate or incomplete.'

And Plus500 could also rely on existing information it had about Mr A;

'Use of existing information

COBS 10.2.5

When assessing appropriateness, a firm may use information it already has in its possession.'

And I think this applies to when, in 2024, Mr A said he didn't have any prior education, professional qualifications and/or work experience in the financial services industry in the past three years. This looks to be because of a change in employment, and I don't think that would have raised any additional concerns. I say this because Mr A had previously said he did have that experience in 2020, so he did have the necessary experience in the past for Plus500 to have relied upon.

And Mr A had shown he had the relevant experience from which Plus500 could infer knowledge which is also referred to in the rules;

'Knowledge and experience

COBS 10.2.6

Depending on the circumstances, a firm may be satisfied that the client's knowledge alone is sufficient for him to understand the risks involved in a product or service. Where reasonable, a firm may infer knowledge from experience.'

And so even if Mr A had changed roles and wasn't involved in the financial services sector any longer, he had been trading throughout this time so had the experience by which Plus500 could infer knowledge.

Mr A's argument is that Plus500 should have recognised his vulnerability at an earlier date because of high-frequency deposits, him incurring significant losses, high risk option trades, deposits at irregular hours and patterns of impulsive behaviour. And Mr A says Plus500 should have validated the answers he gave about his financial circumstances. But my understanding is that for retail clients, such as Mr A, a full credit check isn't usually required so I can't find Plus500 at fault if it didn't carry one out. I don't find this unreasonable as Plus500 doesn't offer credit lines or loans because all trading is conducted with the funds deposited.

Once Mr A's account was opened with Plus500, its responsibility towards him didn't come to an end. So, I've looked at the actions of both Mr A and Plus500 after his account was opened and thought about the degree to which it was fair and reasonable for Plus500 to have allowed Mr A to trade without intervention. While the regulator doesn't obligate firms to undertake ongoing appropriateness tests where consumers are trading complex financial instruments – even though Plus500 did – it does expect firms to have an awareness of its customers and their circumstances. While there aren't any specific rules covering this, it is covered more broadly under the regulator's Principles. And the two that are most relevant in Mr A's case are Principles two and six;

‘Principle 2: Skill, care and diligence – a firm must conduct its business with due skill, care and diligence

...

Principle 6: Customers' interests – a firm must pay due regard to the interests of its customers and treat them fairly.’

And the regulator also expects firms to be alert to consumers who may be exhibiting behaviour of potential vulnerability and as such, may require a heightened level of care. Based on what Mr A has told this service, and which became clear to Plus500 in 2025, it seems evident to me that he was a vulnerable customer because he had limited financial resilience – it became apparent he was repaying refinanced existing debt. Whilst I recognise that it's easy to spot this with the benefit of hindsight, I'm not persuaded that based on what Plus500 knew of Mr A's and his circumstances, there were any warning signs of potential vulnerability that should have alerted it to the fact it should potentially intervene.

I say this because when Mr A opened his account with Plus500 he said he had an annual income of between £75,000 and £150,000 and his income was to be his source of trading. And he also stated his savings were between £20,000 and £50,000. Mr A has said his deposits significantly increased during the first four months of 2025 and I assume it was because of this that on 5 April 2025 Mr A was asked to provide documentary evidence to verify the sources of recently deposited funds. Upon review of the bank statements – from two of Mr A's bank accounts – Plus500 was satisfied that his financial circumstances were sufficient for him to continue.

Later that month Plus500 contacted Mr A again as there was a discrepancy between the amount he anticipated depositing when he opened his account and the actual amount he had deposited. Plus500 accepted Mr A's updated confirmation that he had £50,000 available to trade annually, and bearing in mind Mr A's stated income I don't find this to be unreasonable. But when this amount was again exceeded Plus500 asked for more information and Mr A advised his available funds for trading were over £50,000 and up to £100,000 and it was at this point, when it was provided with updated bank account statements for the same two bank accounts as previously provided, that Plus500 terminated the account in Mr A's best interests.

However, I think Plus500's intervention in April 2025 shows that it did monitor Mr A's account and it was only at the point that his deposits/trading activity were too out of line with what he had envisaged at the outset that it needed to take action. And the fact that the first of Mr A's two bank statements in April 2025 didn't highlight any concerns, suggests to me there was nothing at the time to show financial vulnerability to the extent that Mr A says it should have even if those statements showed credit card payments. It wasn't for Plus500 to tell Mr A how to manage his money or have known if he wasn't managing to pay off those cards each month – if that was the case – particularly bearing in mind his declared high income.

By the very nature of leveraged trading, the trader typically suffers large losses, and they often trade frequently as highlighted by Mr A's behaviour. But in and of itself this isn't unusual behaviour for leveraged trading and despite what Mr A says, that doesn't necessarily always indicate a consumer is vulnerable. Plus500 could only act on the information provided by Mr A, and from what I've seen, it acted in good faith based on what Mr A shared when he opened his account and during the relationship, until it was terminated.

I'm satisfied that Plus500 consistently provided risk warnings about CFD trading and highlighted that;

‘80% of retail investor lose money when trading CFDs with this provider’

on its website, in its frequently asked questions page, in its Risk Disclosure Notice, its marketing and User Agreement which Mr D agreed to when he opened his account;

'Trading in Contracts for Differences (CFDs) and use of the Trading Platform (which allows high leverage investments in CFDs) carries a high level of risk to your investment. Make sure you fully understand the risks involved before downloading the software and accessing the Trading Platform and take investment, financial, tax or other advice if necessary CFD trading may not be suitable for every customer. A detailed explanation of the risks associated with trading on the Trading Platform is set out in this User Agreement and the Risk Disclosure Notice which can be found by clicking on the Risk Warning on the Website. You should ensure you fully understand such risks before entering into the Client Agreement and using the Trading Platform.'

And while Mr A says he found the trading addictive it's difficult for me to conclude that Plus500 should have been alerted to this. As already mentioned it's not unusual for CFD traders to trade frequently so I don't think that would have been a sign he was struggling. And I note Mr A answered 'No' to the question;

'Do you have any personal or financial issues that could negatively affect your ability to trade?'

in both the 2024 and 2025 refresher questionnaires. While I recognise that by not answering that question correctly may be the behaviour of someone who is financially vulnerable and who finds the trading addictive, but an opportunity was lost whereby Plus500 could have intervened if he had answered differently and in line with what he is now saying about his vulnerability.

So, on balance, based on the information that Plus500 knew of Mr A, I can't conclude that it treated him unfairly. I'm not persuaded that in the specific circumstances of Mr A's case there were any particular reasons that ought to have prompted Plus500 to unilaterally stop him, any earlier than it did, from doing something he clearly wanted to do – and for which the appropriateness test questionnaires he completed suggested that he had experience of, and received ample warning of the risks.

It follows that I don't uphold Mr A's complaint. I appreciate this will be disappointing for him. Understandably he feels strongly about his complaint and I would like to thank him for the time and effort spent in bringing it. But I hope I have been able to explain how and why I have reached my decision.

My final decision

For the reasons given, I don't uphold Mr A's complaint about Plus500UK Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 October 2025.

Catherine Langley
Ombudsman