

## The complaint

Miss H has complained that eToro (UK) Ltd ('eToro') uses a leveraged default setting when trading in S&P500 Index contracts for difference ('CFDs'). Because of this Miss H lost over half of the £5,000 she invested which she wants returned to her.

## What happened

Miss H opened an account with eToro in November 2024. On 8 April 2025 she opened an S&P500 Index CFD position which she says was intended to be a long term investment. Within a few hours the position had lost around £2,600 and it was closed due to stop loss. The default setting for S&P500 Index trades was a leverage of X20 which was different to stocks/assets and which Miss H says was risky for eToro's customers.

Miss H raised her concerns with eToro who responded on 11 April 2025 not upholding her complaint. It said;

- eToro only offered indices trading as CFDs rather than a real asset.
- Both the leverage option and CFD indication were prominently displayed on the trading window which could be reviewed and adjusted before trading.
- Opening a trade required manual confirmation and it was the responsibility of the client to verify the parameters.
- There was no technical issue with the trades.

Miss H didn't agree. She said this was risky and applied inconsistent levels of risk for customers and was akin to gambling rather than investing by applying a customer's default position. Automatically applying leverage didn't suit all trading styles.

Dissatisfied with the outcome Miss H brought her complaint to the Financial Ombudsman Service. Our investigator who considered the complaint didn't think eToro needed to do anything more. He said;

- The client terms explained leverage, that it applied to CFD trading, the advantages and disadvantages and that different leverage was applied to different instruments. The risk of loss warnings were given and clients received an additional warning on their first ten trades that investing in CFDs was high risk. The responsibility of the trades was with the client and Miss H should reasonably have been aware CFDs involved leverage.
- The order ticket made clear the exposure, the leverage and the choice of leverage. And Miss H had previously held S&P500 Index positions and when those trades were successful would have alerted her to the utilisation of X20 leverage.

Miss H didn't agree. She provided a screenshot of a stock CFD trade where the default leverage was X1 and looked no different to a S&P500 Index CFD trade where the leverage was X20. She said the Financial Conduct Authority ('FCA') said this should be prominently displayed which it wasn't. She was aware of other complaints about this and another platform she used made this clear and transparent.

Miss H's comments didn't change the investigator's opinion. As the complaint remains unresolved, it has been passed to me for a decision in my role as ombudsman.

### **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've considered the information Miss H was given when she became a client of eToro and whether that information was clear, fair and not misleading. When opening her account Miss H agreed to the General Risk Disclosure and Client Terms and Conditions. eToro's General Risk Disclosure details the types of products it offers;

'...contracts for differences (CFDs) whose underlying assets are currencies, stocks, commodities, indices, exchange traded funds (ETFs) and cryptocurrencies.

With reference to CFDs it goes on to say;

#### **'CFDs**

CFD stands for "Contract For Difference", meaning you are not buying the underlying asset, but rather purchasing a contract to settle the difference in the initial and ending price of the asset. When trading CFDs, you generally trade on margin, which means you only have to deposit a small percentage of the overall value of your position. This is known as "Leverage", and even small market movements may have great impact, negative or positive on your trading account.'

And eToro's Client Terms and Conditions further say;

'2.3 We allow you to trade CFDs using leverage. Trading with leverage means you can make money quickly, but you can also lose money quickly. You can find out more about what leverage is, the risks of trading CFDs, and the risks of leverage in paragraph 4 – "The key risks of CFD trading", paragraph 7 – "Using leverage and margin", the General Risk Disclosure, and on our website.

...

#### **4. The key risks of CFD trading**

4.1 CFDs are complex derivative products and come with a high risk of losing money quickly due to leverage. Trading with leverage magnifies your gains and losses, so small price changes in the underlying product can result in large losses or gains. It is therefore possible that you may lose more than your deposit in a trade. We provide more information on leverage in paragraph 7 – "Using leverage and margin".

...

#### **4.3 You should only trade CFDs if:**

...

(c) you fully understand how CFDs work (including all associated risks and costs), are aware that the use of margin or leverage creates greater risks,

...

## 7. Using leverage and margin 7.1

...

7.2 Different amounts of leverage apply to different underlying products. Applicable Law sets maximum leverage amounts, but we can decrease the leverage we offer at any time. The amount of leverage which you can access at a particular point in time can be viewed on our website.'

I'm satisfied it was made clear that CFD trading was complex, would involve leverage, that different leverage applied to different instruments and posed the high risk of losing money quickly. So, I think this was clearly explained to Miss H when she opened an account with eToro and I'm not persuaded it has done anything wrong.

But the core of Miss H's complaint is her issue with how the amount of leverage was displayed when she went to trade S&P500 Index CFDs and the fact the default leverage of X20 was different and higher than other instruments.

Miss H has provided a screenshot of a 'Market Order' in a stock rather than an index. The underlying information such as the amount, stock and price etc are shown in black type on a white background and some information is shown in red. The leverage options are also shown in black typeface on a white background circled in either black or green, the latter being the default. In this case the default is X1 with the option of X2 and X5 which the customer could elect by clicking on their choice which would be highlighted by the green circle. The customer would also need to click on either the 'Short' or Buy' option depending on the trade type they wanted to carry out.

I've also seen a screenshot for a 'Market Order' in an index – in this example NASDAQ100 Index. Again, the information is displayed in a similar way and with similar coloured typeface and background. But 'CFD' is printed in white against a black background next to the instrument title and under the 'Leverage' section the green circled default amount of X20 is displayed furthest to the right of the five options (X1, X2, X5, X10 and X20). And directly below that is an annotation which was not shown on the screenshot for the above stock example which says;

'Note, higher leverage can amplify profit and loss, putting your capital at risk.'

And I also note displayed in red typeface at the top it says;

'Deposit \$1,000 in order to open this trade'

followed in black typeface by;

'\$20,000 Exposure 0.99 Contracts' [I assume rather than one contract for a £1,000 investment at a X20 leverage taking account of Estimated Opening Costs]

I understand from eToro the minimum amount to invest into S&P500/NASDAQ100 indices on its platform is £1,000, an amount which it says wasn't possible for all customers, so the use of leverage allows its customers to invest smaller amounts. And usually, the default leverage is higher than for individual stocks as indices are generally seen as less volatile. Looking at the two screenshots, I think the information for the investor is clearly and prominently displayed and I think the difference between the two – in particular;

- the leverage annotation,

- the reference to a \$20,000 exposure for a \$1,000 deposit and
- the different position of the green circled leverage box

– should, to my mind – have fairly and reasonably alerted Miss H and so would have made Miss H aware that different levels of leverage and exposure applied to the two different positions. And the Disclosure and Terms documents made clear to Miss H that CFDs were generally traded on margin/leverage which amplified the risk so I would have expected Miss H to have taken particular notice of this clearly presented feature on the trading screen.

I note that Miss H had previously traded in S&P500 Index positions with eToro on four other occasions in the previous four weeks, but she says she wasn't aware of the leverage during those previous trades. However, I note those trades are clearly recorded as X20 leverage on Miss H's account summary and the number of contracts opened are all significantly more than one (20.61381 and 21.56324 as examples) when compared to the index open rate which shows a leverage of X20 was applied to those trades as well.

While I appreciate Miss H is of the opinion that eToro should display its leverage information in a different way, or not leverage as a default, I've borne in mind the service provided to Miss H was an execution only one and Miss H was responsible for the trades she placed which would include checking they were correct before placing them. eToro also highlighted that CFD trading generally involved leverage and the risks implicit in that.

And I'm satisfied Miss H was given sufficient information in a way that was clear, fair and not misleading in order for Miss H to carry out her CFD trades. But even if I agreed with Miss H I do not have the power to tell eToro how it should display its trading screens. That being said, I note in correspondence with Miss H eToro said it had passed her suggestions to its Product Development Department for review.

However, taking all the above into account, I can't fairly and reasonably conclude that eToro is responsible for any losses Miss H incurred and I don't uphold Miss H's complaint. I appreciate Miss H will be disappointed with the outcome, it's clear she feels strongly about it. And I'd like to thank her for the time and effort Miss H has made in bringing her complaint. 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 Miss H's complaint about eToro (UK) Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 6 February 2026.

Catherine Langley  
**Ombudsman**