

The complaint

Mr P complains that Interactive Investor Services Limited (“Interactive Investor”) unreasonably failed to modify its security protocols to accommodate his circumstances, which he says prevented him from making trades. He seeks compensation for the financial loss and distress this has caused him.

What happened

On 14, 19 and 20 January 2025 Mr P attempted to login to his Interactive Investor account but was unable to access it due to being unable to pass the two-factor authentication process. Specifically, once Mr P entered the correct login details an authentication code was sent by text to the mobile number registered to his account. Unfortunately, Mr P was unable to access this authentication code because he was not in the UK.

On 24 January 2025, Mr P emailed Interactive Investor and explained he was having trouble accessing his online account as he was not in the UK and so couldn’t access the automated authentication codes that were being sent to his registered mobile telephone number. He requested that the two-factor authentication be removed and that the authentication code be instead sent to his registered email address.

On 27 January 2025, Mr P again attempted to login to his Interactive Investor account and again was unable to access it for the same reasons as before.

Mr P called Interactive Investor on 29 January 2025 and explained the issues he was having. Mr P asked if the authentication code could be sent by WhatsApp or email, but was told this could not be done as their security protocols only permitted them to send the authentication code to his registered mobile number or by post to his registered home address. Interactive Investor also said that two-factor authentication couldn’t be removed without Mr P giving it the authentication code it sent him. Mr P said that this had been done for him before, but Interactive Investor said their current security processes don’t allow for this. Mr P asked to speak with a manager and the call was put on hold and the call dropped.

Interactive Investor called Mr P back, but the call was unsuccessful as it appeared that another person had answered and they didn’t understand what was being said, so the call ended.

On the same date, Interactive Investor sent Mr P a secure message in which it apologised for his difficulties in accessing his account and that one of its agents had tried to call him back after the call got disconnected, but they were unable to reach him. It added that its security process regarding the mobile number remained, and that the manager wouldn’t be able to change this.

Some three weeks later, Mr P sent Interactive Investor a secure message, explaining that he was still unable to access his account.

On 20 February 2025, Mr P had a further call with Interactive Investor during which he confirmed that whilst he could now access his account as he was back in the UK, he wished

to lodge a complaint about the authentication issues he had faced whilst he was abroad, which prevented him from making the trades he wanted. During this call, Interactive Investor explained that its security protocols had been amended in late 2024 to remove the ability to customers to disable the two-factor authentication process without first passing it. Nevertheless, it expressed sympathy for the difficulties Mr P was facing and as a goodwill gesture offered to cover the cost of one monthly fee for its service (£19.99).

After the completion of their investigation, on 27 February 2025, Interactive Investor sent Mr P a letter explaining that it was not upholding his complaint. It said this was because its records indicated that authentication messages had been sent to Mr P's mobile phone on each occasion he attempted to login and that the two-factor authentication was necessary in order to protect customers and ensure compliance with its regulatory obligations. This letter did not mention Mr P's right to refer his complaint to the Financial Ombudsman Service.

Subsequently, on 22 April and 20 May 2025, Mr P emailed Interactive Investor explaining that he was abroad again and was again unable to access his account due to the same authentication issue.

On 20 May 2025, Interactive Investor responded by email reiterating the position in its 27 February 2025 letter. The email stated the 27 February 2025 letter was its final response letter. The email mentioned Mr P's right to refer his complaint to the Financial Ombudsman Service.

Mr P referred his complaint to the Financial Ombudsman Service and sought compensation for financial loss arising from his being unable to make trades due to the authentication issues he faced and for distress the overall process had caused him.

Our Investigator did not uphold Mr P's complaint broadly on the basis that Mr P always had the option to make trades by telephone and that this Service was not able to comment on the authentication process as choosing the security measures to protect the interests of customers was a commercial decision for Interactive Investor to make. As Mr P didn't accept our Investigator's conclusions, the complaint has now come to me for an Ombudsman's 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mr P and Interactive Investor have provided. Instead, I've focused on those I consider to be key or central to the issues in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm not upholding this complaint. I'll explain why.

As mentioned, Mr P complains Interactive Investor failed to accommodate his needs whilst he was abroad and that this caused him loss. He said that on a previous occasion the business had been willing to disable the two-factor authentication without him first having to pass it and he felt that it was unfair that it wasn't possible this time. He also said that the business should have been able to send the authentication code by email or WhatsApp instead. I've considered all this carefully.

Interactive Investor explained that it had strengthened its security processes in late 2024. As part of that update, it no longer allowed customers to disable the two-factor authentication process without first passing it. It also said that for security reasons it doesn't send

authentication codes by email or WhatsApp.

Interactive Investor had a regulatory and operational responsibility to protect customer accounts (including Mr P's account) and it was a commercial business decision for Interactive Investor to decide what level of security was most appropriate. This Service is not able to comment on such commercial and risk management decisions taken by a business. What we can look at is whether the way Interactive Investor applied those security measures to Mr P was fair.

In this regard, I appreciate that Mr P had previously been able to request that the two-factor authentication be disabled - he indicated this happened approximately three years ago. However, this does not mean Interactive Investor was obliged to continue offering that option indefinitely. I don't think it unusual or unreasonable for security protocols to evolve over time, and I think it reasonable for Interactive Investor to require customers to complete the strengthened authentication process as soon as it considered this was necessary. I've also seen nothing to suggest Interactive Investor applied its updated process inconsistently or in a way that singled out Mr P.

Regarding Mr P's suggestion that Interactive Investor should have sent the authentication code by email or WhatsApp, I don't think Interactive Investor acted unfairly by declining to do so. It is entitled to decide which communication channels are secure enough for authentication purposes, and I don't think Interactive Investor was required to adopt those channels simply because they would have been more convenient for Mr P. Interactive Investor simply required Mr P to have access to a phone linked to his account, which is commonplace within the industry and not onerous. Moreover, there is no suggestion this aspect of the security protocol had changed, and so I think it likely Mr P was aware that this was the only way to login using the two-factor authentication process (notwithstanding that he previously was able to disable this process via a telephone call).

I've also considered whether Interactive Investor's security protocol prevented Mr P from making trades thereby ultimately causing him financial loss. Interactive Investor's Terms of Service clearly indicate that at all times Mr P could have made those trades by telephone instead of via the online process he was pursuing. In particular, those Terms of Service state:

"3.2 You may only place Orders on our Website, by telephone or by using our Trading Apps. Orders shall be received as detailed in clauses 3.7 and 3.8.

3.3 We will use reasonable endeavours to ensure our Website is available for trading online and our Trading Apps are available for trading. However, we do not promise that access to either our Website or online trading will always be available.

3.4 If you are unable to access our Website to trade online or through our Trading Apps, you may telephone us as detailed in clause 23.5 to place an Order."

Therefore, even if it were accepted that there was a valid issue with Interactive Investor's authentication process, I don't think it can fairly be said that this caused Mr P financial loss because he always had the ability to make trades and mitigate any potential loss by making trades via telephone. It appears Mr P did not use this alternative option.

As mentioned, Mr P complained in April and May 2025 that he was experiencing the same authentication issue now that he was abroad again. I think consideration of these events is appropriate even though they post-date what Interactive Investor considers to be its final response letter, i.e., its letter of 27 February 2025. As indicated, it does not appear from the copy we have received that the letter mentioned the DISP stipulated information regarding

the option to refer the complaint to this Service, suggesting it was effectively not a final response letter. Further, and most importantly, Interactive Investor had the time to and in fact did address these subsequent complaints in its 20 May 2025 letter to Mr P (which I note did mention the option of referring the complaint to this Service but did not provide all the information necessary under DISP). (Thankfully, none of this seems to have affected Mr P's ability to bring his complaint.)

Having said that, for the same reasons mentioned above, I do not think it would be fair for me to uphold Mr P's continued complaints about Interactive Investor's authentication process. In addition, Mr P was expressly told during his communications with Interactive Investor agents that if he wished to disable the two-factor authentication process, he could do so only after first passing it. When he arrived in the UK in February 2025, he had no issues with the login process as he could now receive the authentication code. Therefore, Mr P could have disabled the two-factor authentication process before he left the UK to avoid a recurrence of the same issue. It appears he did not do this.

In addition, whilst not determinative, Mr P was aware throughout this period (because of his experiences prior to January 2025) of the two-factor authentication requirements (which required him having access to the phone number linked to his account) and the issues with complying with it abroad. In order to mitigate the issues he faced, I think it would have been appropriate for him to have changed the phone number linked to his Interactive Investor account to the one he was able to use whilst abroad.

Taking everything into account, I don't think that Interactive Investor acted unfairly or unreasonably. And because Mr P still had a functioning method of placing his trades, I can't say the business caused the financial loss he's claimed. For the same reason I don't think the circumstances meet the criteria for distress and inconvenience compensation, though I am sorry the experience caused Mr P distress and I am pleased Interactive Investor was able to offer him a goodwill gesture of covering a monthly fee of its service.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 February 2026.

Zaib Malik
Ombudsman