

## **The complaint**

Mr P complains that Interactive Brokers (U.K.) Limited ('IBUK') placed a trading restriction on his dealing account without prior notice or justification. As a result of the restriction, he was unable to sell one of his holdings when the price fell sharply and he lost most of his investment.

Mr P would now like IBUK to reimburse him for his loss which he says is around USD \$94,000.

## **What happened**

Mr P opened an account with IBUK on 29 August 2024. On 1, 2 and 7 October 2024, Mr P purchased a total of 5,650 shares in MEDE at prices ranging from \$15.70 to \$19.64 per share. On 7 October 2024, he also placed an order to sell 2,300 MEDE shares with a limit price of \$30.00.

On 8 October 2024, the over-the-counter (OTC) market issued a 'Caveat Emptor' warning on MEDE and moved the stock onto the Grey Market. The same day, Mr P amended the price limit of his order to sell to \$32.00.

On 9 October 2024, Mr P attempted to purchase 900 MEDE shares but the order was rejected by IBUK. IBUK then placed a restriction on Mr P's account to complete a review between 11 and 22 October 2024. They asked him questions about his trading strategy and trade in BIO Essence Corp (BIOE) stocks.

On 22 October 2024, Mr P raised a complaint and compensation claim saying he had experienced a sudden trading block on MEDE stock when the share price started to decline. As a result, he was unable to sell his MEDE shares.

IBUK investigated the complaint and issued their final response on 19 November 2024. The complaint was not upheld and IBUK thanked Mr P for contacting them about falling victim to a "Ramp & Dump" scam and referred the matter to their fraud department.

In this email, IBUK confirmed they restricted the trading of Microcap stock on 11 October 2024 due to issues with MEDE, and it was moved out of the OTC market into the Grey Market and blocked the stock from trading. They confirmed clients were responsible for their own trading activity through the platform and therefore IBUK weren't responsible for any losses.

Unhappy with the outcome, Mr P referred his complaint to this service. In summary, he said that he was unhappy IBUK had placed a sudden trading block on his account without prior notice. Mr P says that the block prevented him from undertaking trading at a critical time and resulted in him being unable to sell his MEDE shares when he'd wanted. As a consequence, he'd suffered a loss which he wanted IBUK to recompense him for.

The complaint was then considered by one of our Investigators. She concluded that IBUK hadn't treated Mr P unfairly as:

- She wasn't persuaded Mr P was prevented from selling his MEDE shares. But, his order to sell MEDE shares didn't go through as the share price never reached the minimum asking price he stipulated. The only rejection she could see is the order he placed to purchase more MEDE shares, and this was because the stock had been moved to the Grey Market and IBUK doesn't allow clients to purchase from the Grey Market.
- Mr P didn't contact IBUK asking for assistance in selling his shares following the Caveat Emptor notice. He first contacted them about the MEDE shares on 22 October 2024, the same day the block was removed.
- During the period the account was blocked, the MEDE share price was between \$0.03 and \$0.10. Our Investigator wasn't persuaded the restriction placed on the account by IBUK caused Mr P's financial loss on the MEDE stocks.
- If Mr P was unable to place an order to sell his MEDE shares on 9 October 2024, he should've contacted IBUK the same day to report the issue. And there wasn't any evidence showing that he tried to place a marketable sale on that day or the following days.
- Mr P's financial loss seems to have been a result of the MEDE stock being moved to the Grey Market, and the resulting collapse of the stock price. IBUK aren't responsible for this.
- The IBUK Client Agreement states they provide trade execution and clearing services to their clients through an online brokerage platform. They don't provide any investment or trading advice or recommendations to clients. Trades are entered by the client and transmitted over to IBUK for execution on various exchanges and market centres. IBUK have acted on Mr P's instructions.

Mr P, however, disagreed with our Investigator's findings. In summary, he said:

- On 9 October 2024, he was actively trying to locate the 'Sell' button on multiple IBUK platforms in order to mitigate his losses by either placing a new sell order or by amending the existing sell order to a marketable price. Instead, he was met with the system block notice. This shows he was not given the ability to place a marketable sell order, even if he had wanted to.
- The assessment suggests he could have contacted IBUK to place a sell order by phone. This is unrealistic during a fast-moving market collapse. His immediate priority was to close his position quickly on the platform provided. Attempting to call IBUK during such a volatile drop would have been time-consuming and futile compared to an electronic sell instruction, which IBUK's system prevented him from placing.
- IBUK's own FAQs state that when a stock moves to the Grey Market, clients should be able to *maintain or close* positions but not increase them. However, in practice, he was denied the ability to close his MEDE position, contrary to this guidance. This inconsistency created unfairness and left him trapped in a collapsing stock.
- Further, IBUK never gave him prior notice that trading restrictions of this nature could be imposed at such short notice, nor did they provide clarity on what "closing-only" actually meant in practice.

- This was not an isolated experience. A friend in Singapore also held MEDE shares at the time and had his stop-loss orders cancelled automatically with the reason given as “*No trading permissions*” once the stock moved to the OTC Grey Market. This reinforces that IBUK’s restrictions were applied in such a way that prevented customers from protecting themselves, contradicting their own stated policy that Grey Market stocks could still be closed out.
- He fully acknowledges that penny stocks carry a high degree of risk and can collapse in value. That was not his complaint. His loss did not occur solely because MEDE fell in price, but because IBUK imposed an additional, artificial barrier which blocked him from selling when he attempted to do so. That block directly caused his inability to exit the position.

Our Investigator was not persuaded to change her view as she didn’t believe Mr P had presented any new arguments she’d not already considered or responded to. Unhappy with that outcome, Mr P then asked the Investigator to pass the case to an Ombudsman 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.

I have summarised this complaint in less detail than Mr P has done and I’ve done so using my own words. The purpose of my decision isn’t to address every single point raised by all of the parties involved. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it - I haven’t. I’m satisfied that I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr P and IBUK in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what’s fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there’s conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I’ve been given, what’s more likely than not to have happened.

However, for me to be able to uphold Mr P’s complaint, I’d need to be satisfied that IBUK have done something wrong and put him at a disadvantage, but from what I’ve seen of the evidence presented to me, that threshold hasn’t been met – I’ll explain why below.

Before I do, I need to explain that IBUK don’t provide any advice to Mr P, they simply offer a platform for him to buy and sell investments on. That means any decision around which investments are appropriate for his circumstances, which markets to open positions and when to close them, are his alone. And, after purchasing MEDE shares on 1, 2 and 7 October 2024, on 8 October 2024 the price of the stock rose sharply, resulting in the OTC Market issuing a Caveat Emptor warning that then resulted in MEDE being moved onto the Grey Market. When a stock is flagged ‘Caveat Emptor’ and moved to the Grey Market, brokers frequently restrict new purchases and in some cases, provide ‘closing-only’ trading with limited quotes or slow execution meaning liquidity can deteriorate materially.

As I've already explained, on 9 October 2024, MEDE's share price then fell sharply. It's at this point that Mr P says that he then tried to sell his holding but was unable to do so.

Importantly, whilst Mr P had a 'good-til-cancel' sell limit order on his account, because the sale price he'd set (initially \$30) was never met, IBUK's system never automatically attempted to sell his stock for him. But from what I've seen, despite the significant fall in the value of MEDE, Mr P then never altered the sell limit order to take account of the reduced share price. For example, on 11 October 2024, the limit order was modified to \$25 per share but by that point, the stock price was only \$0.07, so IBUK's system wouldn't trigger a sale.

Mr P points to IBUK materials indicating that when a stock is moved to the Grey Market, customers should be able to maintain or close positions (but not increase them). I accept that "closing-only" restrictions are used across the industry but in a rapidly falling, illiquid Grey Market, a limit-sell may still not execute if the order price is not marketable.

I do want to acknowledge that IBUK did restrict Mr P's account between 11 and 22 October 2024, which, according to their terms and conditions, they're entitled to do and don't need to provide advance notice of. However, by that point, the price of MEDE had already collapsed but I don't believe the account restriction played any part in his inability to liquidate his holding. I say that because despite IBUK being an internet focused provider, they still do offer a customer telephone helpline. Having done an internet search, it seems that their operatives are available on a 24-hour basis right through until 12:30 on a Saturday. So, if Mr P was unable to locate a 'sell' button within IBUK's website or app, he had an alternative mechanism in place to be able to contact IBUK to ask for assistance in selling his MEDE holding for him on 9 October 2024 (or at any other time). However, I've not seen any evidence that Mr P called IBUK to ask for their support.

Mr P says that he didn't telephone IBUK because of the time critical nature of the share price, but I don't agree. If Mr P was motivated in wishing to liquidate his stock at that point, he could have limited his losses by calling IBUK on their helpline and I well suspect that they'd have been happy to help. And in any event, it seems that Mr P contacted IBUK through their app on a number of occasions in September and October 2024 but he didn't raise the issue of being unable to sell his MEDE stock until 22 October 2024, well after the point at which he states he wanted to liquidate them.

Whilst I appreciate that Mr P says that IBUK's platform prevented him from selling his stock, he says that he did try to purchase further MEDE shares, purely to bring down the average purchase price of his earlier acquisitions. However, given that MEDE had moved onto the Grey Market at the point that Mr P wanted to make the further purchase, IBUK wouldn't permit the transaction. From what I've seen, IBUK were within their rights to refuse that transaction. I've seen that Mr P was hoping that the decision to place MEDE on the Grey Market may be reversed and as such, allowing trading to re-open on the market but had he wanted to sell his stock, he should have contacted IBUK at the initial point at which he states he was unable to do so.

Mr P says that IBUK's website wasn't functioning when he tried to sell the MEDE shares. He's also provided a screenshot of what he says proves his point. However, even if I agreed that IBUK's website wasn't working as intended on 9 October 2024 (or any other day), which I'm not, Mr P still had the option to either telephone or secure message IBUK about his wishes to sell his MEDE stock at that point, but he didn't until 22 October 2024.

IBUK has provided anonymised trading records indicating that other customers were able to sell MEDE on 9 October 2024, and they have shown IT helpdesk records for 8 to 12 October 2024 with no pattern of customers reporting an inability to sell MEDE. I have reviewed that

material. While it does not directly prove what Mr P saw on his screen, it reduces the likelihood that a platform-wide block prevented consumers from selling their holdings.

Mr P states that his friend in Singapore suffered a similar inability to trade MEDE stock on IBUK's platform. To be clear, I'm only looking at Mr P's complaint, so I won't be commenting on his friend's circumstances as I've not been presented with all the facts surrounding that case and this complaint is related to Mr P only.

I do acknowledge the size of Mr P's loss is significant and I can well imagine how upset he must be at losing such a sum of money. However, Mr P says that he was well aware of the risks of purchasing shares, particularly stocks trading in the sphere that he was invested in. But, I can't instruct IBUK to recompense Mr P for losses that I'm satisfied are as a consequence of the markets within which he was invested in, his own trading decisions and not as a result of something that IBUK did or didn't do. And in any event, it wasn't IBUK's decision to move MEDE onto the Grey Market which ultimately led to the share price collapse; IBUK (as I've already explained) is only an online exchange.

### **My final decision**

I'm not upholding Mr P's complaint and as such, it therefore follows that I won't be instructing Interactive Brokers (U.K.) Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 February 2026.

Simon Fox  
**Ombudsman**