DRN-5915568

The complaint

S complains Saxo Capital Markets UK Ltd (trading as Saxo) acted without consent or authorisation when selling shares it owned and by closing its dealing account. It says this has resulted in losses, which Saxo are responsible for.

Mr S is representing S.

What happened

S held a share dealing account with Saxo. In July 2022, Saxo commenced an Ongoing Due Diligence (ODD) process as part of S's account renewal. Information was requested and responses were provided as the parties exchanged correspondence over the following months. A request made in October 2022 wasn't answered by S. It informed Saxo it felt it had already answered the questions and had become frustrated by the process.

On 23 November 2023, Saxo emailed S to say as the updated information it had requested hadn't been provided, the account no longer met its Know Your Customer (KYC) requirements. It gave notification that it would proceed to close the account as of 24 January 2024.

On 8 January 2024, Saxo asked S to confirm some details about the account, to which S responded to say the information was up to date.

On 10 January 2024, Saxo made a request for more information from S as part of this process. S responded on 24 January 2024.

On 1 March 2024, Saxo sent a further list of questions for S to answer. A reply was sent on the same day by S.

On 5 April 2024, Saxo informed S more information was needed, and another list of questions was sent for it to respond to. No immediate response was received from S.

On 24 April 2024, Saxo sold the shares held in S's account. On 3 May 2024, after it discovered the shares had been sold, S raised concerns as it said it had no prior knowledge of the sale and didn't consent to it.

Saxo responded to say S's account has been terminated due to non-compliance with the ODD process regarding Anti Money Laundering (AML) legislation - and this was the reason that the shares had been sold as part of the account closure.

Following this a complaint was made by S about the actions taken. Saxo responded to S, and said the termination of the account and the closure of positions were executed as scheduled. It accepted its communication on its requirements could have been clearer, and it recognised the frustration and inconvenience caused and offered £250 in compensation for this.

As S didn't accept the response from Saxo, it asked this service to complete an independent review of the complaint.

I issued a provisional decision in October 2025. This is what I said:

"The crux of S's complaint is that Saxo illegally sold the shares it held within its share dealing account, and it did this without informing S about the sale. It doesn't think Saxo had authorisation to sell the shares.

Saxo's position is that the shares were sold as a result of its decision to terminate the account. It says the account closure was completed in line with the terms and conditions and it provided S with notification that the account would be closed, and because of this it was entitled to close the open positions on the account.

I've reviewed the terms and conditions provided by Saxo that it says were applicable to S's account at the time of the account closure.

These state the following in respect of Saxo's ability to close an account:

Saxo UK is entitled to terminate the relationship with you by giving at least 30 days' notice via a Durable Medium. If we have serious grounds or valid reasons for doing so, we may however terminate the relationship with less than 30 days' notice, including immediately. Such grounds and reasons include, but are not limited to:
(i) where the Client commits a material breach of any of these Terms;
(ii) in accordance with Clause 28.4 (Default and Default Remedies);
(iii) in order to protect Saxo UK from potential or actual fraud or other illegal activity, in its reasonable opinion;
(iv) where we are required to terminate the relationship by any competent regulatory authority or as a matter of law.

And in respect of its ability to sell shares as a result of an account termination the terms said:

"Upon termination, Contracts that are already entered into or under execution shall terminate, and these Terms shall continue to bind the Parties in relation to such Contracts."

So I'm satisfied there were circumstances in which Saxo could close an account, and when it did this any contracts entered int would also be terminated.

I've considered this in the circumstances of this complaint.

I note Saxo contacted S in July 2022 to initiate an ODD process. Messages were exchanged over the following months. But as Saxo wasn't satisfied that it had received the information it required, it emailed S on 23 November 2023 to explain that it didn't have the updated information it asked for, so the account no longer meets the legal KYC requirements. A warning was provided that unless the required information was provided it will proceed to close the account as of 24 January 2024. It also confirmed the account was subject to restrictions. And it warned if the actions required weren't completed by the stated date, it would close all open positions on S's behalf and transfer the proceeds in cash. Information was also given about the alternative possibility of transferring the shares to another broker.

Following this I notice there were further back and forth between S and Saxo over the next few months, with responses provided but Saxo not being satisfied by the answers leading to further information requests. From what I've seen Mr S did become frustrated by the process and felt that he had provided sufficient information. But it is a decision for Saxo to make in how it satisfied itself it had sufficient information to meet its regulatory requirements.

Eventually after S didn't reply to Saxo's request made in April 2024, a decision was taken to close the account.

I'm persuaded that Saxo's decision to close the account was in line with the process it set out in the terms and conditions. It did give S notice that the account would be closed if its information requirements weren't met. And it has made a commercial decision to end its relationship with S as it didn't find it was able to satisfy the requirements it needed. I think S would have been aware from the correspondence that Saxo wasn't satisfied with the answers it was providing and this led to further requests, and the account being restricted. So, I think it was clear to S that Saxo wasn't satisfied the information being provided was sufficiently acceptable for the ODD process to be complete. Overall, I haven't found Saxo treated S fairly when closing the account.

I also don't find that Saxo has acted incorrectly when selling the shares in these circumstances. It set out the consequence of S not fulfilling the requirements of the ODD process, and that this would lead to the shares being sold if the account closed. This is also covered by the terms and conditions set out above. While I understand Mr S feels this is an unauthorised sale, I'm satisfied it is as a result of the termination of the account. I haven't found Saxo has acted unfairly when applying these terms.

But I do have concerns about how Saxo communicated during the process. While it did extend the deadline for S to provide information, it didn't communicate this extension in a clear way, so that S knew exactly what was happening. Also, at the point it made the decision to end the ODD process in line with its previous warning and sell the shares it didn't provide any advanced warning to S of this. While, at this point I'm satisfied that Saxo had reach a definitive decision it would no longer be providing an account for S, it could have communicated this to give notice, so that S had an opportunity to consider its options, which essentially would have been whether the shares could be transferred elsewhere, rather than sold.

However, I haven't seen at any point that S made attempts to transfer the shares. And having reviewed S's complaint submissions, it's made it clear that it didn't intend to transfer the account elsewhere. It has referred to the associated compliance costs with making an application with a new broker as well as the regulatory requirements it would need to fulfil. I note Mr S has suggested obtaining a quote for the work required to transfer. But it wouldn't be for Saxo, in the circumstances, to meet these costs if S decided to transfer the shares rather than sell them. Once the decision to close the account had been made by Saxo, I appreciate S's options were limited. As I haven't found a failing in how Saxo acted when closing the account, I'm not required to consider this remedy further. It follows, I'm satisfied S hasn't been disadvantaged by it not being given additional notice by Saxo of the account closure to allow it time to transfer the shares.

Mr S has made submissions setting out the consequential losses S is claiming due to the shares being sold. In order to consider these losses, I would need to find that there had been a failing in how the account was terminated. But I've already provided the reasons why I don't think there was a failing by Saxo in the actions it took when it closed the account and subsequently liquidated the assets held within it. So, I don't find it is responsible for the consequential losses that S claims. I understand S now has access to the liquidated funds.

Lastly, I note that Saxo has made S an offer of £250 in compensation to recognise the level of the service provided. It accepts its communication could have been more effective and client-friendly from the outset of the account renewal, and this caused confusion and inconvenience. It has confirmed that the compensation hasn't yet been paid to S, but the offer remains open should S now wish to accept. I'm unable to make an award to S for any distress caused as a legal entity can't experience distress. And Mr S can't be compensated

for any distress he's incurred personally due to Saxo's handling of the situation as this isn't a complaint he is able to bring personally. It is possible for me to make an award to S as an entity if it has experienced inconvenience itself (rather than to Mr S in bringing the complaint). It isn't clearcut that S has suffered significant inconvenience, for example because it needed to divert operations away from its normal activities. But I accept there has been some level of inconvenience caused by the poor communication. There is an offer on the table that amounts to the type of award I would make where a business' handling of a process has caused a reasonable level of inconvenience. Overall, I'm satisfied it is fair for Saxo to pay compensation to S to recognise the impact of the way it handled the ODD process. "

Saxo responded to accept the findings.

Mr S responded on behalf of S to say it didn't agree. In summary he said:

- There was no termination notice sent in November 2023. Saxo alleged a non-response to a KYC request that had not been sent. A confused threat premised on a non-existent prior request is not a termination notice, let alone a "clear" one. There were no "extensions of termination" because there was never a valid termination notice to extend. No dated final termination notice, liquidation date, or transfer window was ever issued.

- There were no "circumstances" whatsoever justifying the illegal sale of shares and the post-factum closure of the brokerage account. A claim that Saxo allegedly followed its terms and conditions in this regard amounts to a patently contrived falsehood to justify the illegality of Saxo's conduct. There is no adequate factual or legal basis for selling the shares, without S's knowledge or any adequate pre-warning.

- It is a fundamental rule of the FCA's Client Assets Sourcebook (CASS) that a firm must not enter into a transaction relating to safe custody assets without the client's specific instructions. The unauthorised liquidation committed by Saxo also engaged and breached the FCA's high-level Principles for Businesses.

- The unauthorised sale of S's shares on 24 April 2024 was an unlawful disposal of client property. It cannot be excused as a contractual consequence of termination. It was the breach itself. To frame it otherwise is to normalise conduct that the FCA rules explicitly forbid and to undermine the integrity of the client asset regime.

- S's cooperation with Saxo's KYC/AML requests was continuous, prompt, and evidenced in writing. At no point did it fail to reply or reply belatedly. All the replies were comprehensive and provided within the timeframes set by Saxo. What is absent is Saxo's compliance with its own obligations: to issue clear, final notice; to provide particulars of any alleged deficiency; and to afford an opportunity to cure before taking the extreme step of liquidating client assets.

- Even if termination had been justified, Saxo's conduct fell far short of the minimum standards of procedural fairness. By failing to issue a final notice, specify a liquidation date, or provide a transfer window, and by only acknowledging the sale after the fact, Saxo denied S the most basic procedural protections. This was a breach of both regulatory obligations and Saxo's own governance.

- The provisional decision declines to consider consequential losses on the basis that no failing was found in the termination. That reasoning is circular. The failing was the

unauthorised sale itself, and the losses flow directly from that breach.

- The suggestion that £250 is "fair compensation" trivialises the unlawful disposal of client property. This was not a matter of inconvenience; it was the unlawful disposal of client assets, with significant financial and legal consequences. £250 is structurally incongruent with the gravity of the breach and ignores the documented losses. To endorse such a token sum would be to signal that regulated firms may violate client-asset protections with impunity.

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've considered the further responses to my provisional decision, alongside all of the other submissions made. I recognise S's strength of feeling about this complaint. Mr S has made detailed submissions on its behalf in response to my provisional findings. I want to reassure him that I have considered everything he has sent. And I hope he won't think I am being discourteous, but I will not be addressing all of the points he has made in detail. While I will not be addressing every single point, I have fully considered them and am satisfied that my findings below address the substance of the arguments that have been put forward. I also acknowledge Mr S's points about Saxo's regulatory obligations, and I've taken into account the relevant obligations in the circumstances when reaching my decision.

Firstly, I acknowledge S's position remains that the shares it held in the account were sold unlawfully by Saxo – and for this reason it believes it should be compensated for the losses it has detailed that it says stems from no longer holding the shares. In my provisional decision I didn't find Saxo had acted unfairly in its decision to terminate S's account, and the subsequent disposal of the assets held within it as part of the closure. Having reconsidered all of the evidence and the further submissions, I haven't found reasons to change my findings. I'll explain why.

Mr S disputes Saxo provided S with a clear notification of account termination in November 2023. In his view a confused threat premised on a non-existent prior request is not a termination notice, let alone a "clear" one. Because of this he also says there was no extension as there was no notice to extend.

Prior to the November 2023 email, Saxo had been in correspondence with S about its requirements as part of the ODD process that started in July 2022. The evidence I've seen indicates that an impasse had been reached in this process. I note restrictions had also been placed on the account, indicating Saxo wasn't happy the ODD process had been satisfied. Mr S responses indicate he felt he was being repeatedly asked the same questions, and the process had become vexatious. While I appreciate Mr S had become frustrated and felt he had provided the answers to the questions, it's Saxo's position to decide if its KYC requirements have been met, not the clients. So, despite Mr S's view that S had given enough information to answer the questions, this doesn't prevent Saxo from asking further questions and assessing its position on whether it continues to provide the account.

In the situation where Saxo doesn't feel its customer has satisfied its KYC requirements it can review whether it feels able to continue to provide a service. It made the decision to escalate matters, which I think its entitled to do in the circumstances where it hadn't been able to complete the ODD process. This is what led to the November 2023 email. I'm satisfied this does provide a clear notice of intention to terminate the account. The risk of closure was in bold type. This email says:

"We have recently been in touch asking you to update the information we hold about you. Unfortunately, as this has not been done, your account no longer meets the legal know-your-customer (KYC) requirements. For this reason, unless you provide us with the information we require as soon as possible, ***we will proceed to close your account as of 24 January 2024.*** *Your account is currently subject to trading restrictions and from the above date will be subject to log-in restrictions."*

Despite S's disagreement, Saxo felt there was still missing information, which meant the process wasn't complete and that the account didn't meet its KYC requirements. It gave a date for when it would close the account, and provided a consequence if actions were not taken by the date by saying **"we will close all open positions on your behalf if possible and attempt to transfer the account value to the most recent bank account used to fund your Saxo account."** This means S did have notice of the potential for shares to be sold, and this is in line with the terms of the account. While Mr S's argues there has been an unlawful disposal of client property, I don't agree that this reflects the circumstances of the situation. He has raised points about Saxo breaching its regulatory obligations by failing to provide safe custody of assets. But the circumstances that led to the sale of the shares are specific to the ongoing ODD process, not an arbitrary unauthorised transaction. And I've found Saxo did provide sufficient warning to S of the consequences of the account termination.

Broadly speaking, Saxo is required to provide clear information to its customers. As I explained in my provisional findings, I don't think Saxo's communications were as clear as they should have been – it didn't give information to S to confirm the extensions it had agreed internally for the process. Also, when it reached the decision it wasn't going to extend further, it didn't communicate this. If it had of done this, S would have had been able to review whether a transfer of shares would have been a possibility before closure. But as I've previously explained, the evidence indicates that S wouldn't have sought to transfer the shares to another broker. I note S did have opportunity (during the previous year or so when the ODD process was ongoing) to consider a transfer if it was unhappy with Saxo's continued questions as part of the process, and the threat of account closure. Also, the information Mr S has provided in his submissions indicates that S considered transferring to be too costly and inconvenient due to the regulatory compliance involved. So, in my view, despite the misgivings I have with the way Saxo communicated with S during the whole process, once Saxo decided to end it relationship with S, the outcome was always going to lead to the assets being sold as part of the account closure. So, I don't find that S has lost out because it wasn't given a further deadline (once the decision to close the account had been made by Saxo) to transfer the shares.

I acknowledge the points Mr S makes about Saxo not informing S of the sale of the shares until after the fact. The shares were sold when the account was closed on or around 24 April 2024, and it appears Mr S discovered this on 3 May 2024. It was only after he raised a query on this date that he received confirmation from Saxo on 7 May 2024 of the account termination and that the shares had been sold at market price. Again, I think Saxo could have been proactive in telling S about the actions it was taking. I don't think this would have prevented the sale of the shares though. While it wouldn't have changed anything, it would have left S in a better-informed position. Fortunately, it wasn't too long before S made the discovery, and proper confirmation was given by Saxo. In summary, my finding is that prior notice of the sale of the shares, wouldn't have prevented Saxo from preceding. It had decided the account would be closed and to end its relationship with S. Disposing of the assets and returning funds was part of that process.

I acknowledge Mr S has set out in detail the losses S claims. As explained above, his position is there was an unauthorised sale of assets, and the losses flow directly from that breach. But I haven't reached this finding. I'm not able to recommend that Saxo meets the

financial losses claimed as I haven't found, for the reasons given above, that failings by Saxo caused these losses.

In summary, for the reasons already given in my Provisional Decision and those in my findings above, I don't think Saxo acted unfairly in the actions it took to close the account and subsequently dispose of the assets that were held within it.

Lastly, I acknowledge Mr S doesn't agree £250 adequately compensates S for the significant financial and legal consequences. But this is not the purpose of the offer Saxo has made; the offer was for any inconvenience it caused through its service and communication. For reasons previously given, I find this offer is fair in the circumstances. So, Saxo should pay S the £250 compensation it has offered to settle this complaint.

My final decision

Saxo Capital Markets UK Ltd has already made an offer to pay £250 to settle the complaint and I think this offer is fair in all the circumstances.

So my final decision is that Saxo Capital Markets UK Ltd should pay £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 11 December 2025.

Daniel Little
Ombudsman