

The complaint

Mr D complains that Trading 212 UK Limited ('Trading 212') imposed a 24-hour trading break on his CFD account despite his having updated his financial information. He says the restriction was unfair and disproportionate, caused him significant distress, and requests £300 in compensation for inconvenience.

What happened

Mr D holds a CFD trading account with Trading 212 and actively day trades, taking both long and short positions. On 10 November 2024, he received a warning email from the firm indicating that certain patterns of account activity could lead to a temporary trading break. The email also reminded him to ensure his financial information was accurate and up to date to prevent a restriction. That same day, Mr D updated his declared income and savings and contacted the firm to clarify his experience and trading intentions.

Despite these actions, a 24-hour trading break was applied to his account on 21 November 2024. Mr D explained that this caused him distress because it occurred on a highly volatile trading day following the release of major company earnings, resulting in missed opportunities to open positions. He emphasised that his deposits represented only 10% of his overall savings and 13% of his income, and that he had deliberately traded within his means.

Trading 212 responded to the complaint but did not uphold it. It explained that its system monitors a range of account activity, including the frequency of deposits and trades, the potential impact of losses, and fees incurred. Trading 212 further explained updating financial information alone did not guarantee that trading restrictions would be avoided if activity continued at a level that the system considered potentially risky. It outlined that the system is an automated safeguard designed to prevent foreseeable financial harm, consistent with the Trading 212's obligations under the Consumer Duty.

Mr D disagreed so, the complaint was referred to our service. Our investigator reviewed the matter and concluded that Trading 212's actions were reasonable and proportionate given the circumstances and the firm's regulatory obligations. He noted that the restrictions were applied as part of a safeguarding process and were consistent with the Consumer Duty, and that Trading 212's monitoring and communications with Mr D were appropriate.

Mr D responded to the investigator, emphasising that the key issue was whether the firm acted fairly and proportionately in his specific circumstances, given that he had updated his financial information and communicated his trading intentions. He stressed that Trading 212's automated system did not adequately consider his declared financial situation and therefore caused him avoidable distress. As no agreement could be reached, the case was passed to me 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.

Having done so, I have reached the same conclusions as the investigator, and broadly for the same reasons. I understand that Mr D may be disappointed by my decision, so I hope my explanation helps him understand why I've reached this answer.

Mr D has referenced case law which he feels is relevant to his complaint, suggesting that Trading 212's automated trading breaks were applied incorrectly. In making my decision on whether T212 has acted fairly and reasonably, I've taken into account the law and the relevant regulatory standards, as well as the overall circumstances of this case - including Mr D's financial position, trading activity, and the communications and processes of Trading 212, as well as the overall nature of the service Mr D was receiving.

I acknowledge that Mr D promptly updated his financial information and clearly communicated his experience and trading intentions. I understand that he perceives the Trading 212's actions as disproportionate because his deposits were a relatively small proportion of his savings and income, and he was confident in his trading strategy. It is understandable that he expected the warning to be sufficient and that the trading break should not have been applied.

However, Trading 212's FAQs on account activity assessment clarify that the system evaluates not only declared income and savings but also trading patterns and the cumulative impact of activity on the consumer's financial situation. The FAQs state that the system reviews whether deposits exceed declared amounts, potential losses based on historical market data, fees and charges, and a large number of trades or deposits over a short period. The purpose of this assessment is to ensure that products and services remain relevant and to prevent foreseeable harm, not to penalise traders. As the FAQs explain, the system "*helps us spot patterns that could indicate you are taking on more risk than you intended, or than your financial situation allows.*"

While Mr D's point that he was confident he was trading within his means, the system identified patterns consistent with thresholds that trigger safeguards. These triggers are designed to mitigate the risk of harm, in line with the Consumer Duty, which requires firms to take reasonable steps to avoid foreseeable harm and to deliver proportionate outcomes. In this instance, the system applied a 24-hour trading break because the activity met criteria that the firm considers potentially risky, even with the updated financial information. The application of the break was therefore consistent with Trading 212's safeguarding obligations. It's important that I emphasise that there may well be more than one way to achieve the standards set out in the Consumer Duty. My role is to evaluate the actions Trading 212 took and determine whether it acted fairly and reasonably given the circumstances.

I note that the system is not intended to be punitive. Trading 212 explains that the automated alerts are opportunities for customers to reflect and review their trading activity. Mr D received these communications in advance of the trading break and was made aware of the reasons behind them. While he expected more nuanced consideration of his individual circumstances, the system functions according to pre-set thresholds intended to protect customers from potential harm.

Further, the break lasted 24 hours. I'm satisfied the timing and duration of the trading break were proportionate, and that Mr D had been informed in advance of the types of activity that could trigger such a restriction. While he experienced distress due to the restriction coinciding with a volatile market day, the purpose of the break was to safeguard against potential financial harm, not to interfere with profitable trading. This aligns with the Consumer Duty's requirement for firms to deliver outcomes that prevent foreseeable harm in a way that is proportionate and tailored to the customer's circumstances. As such, Trading 212's

actions in my opinion, balanced the opportunity for trading with its responsibility to mitigate excessive risk.

I have considered Mr D's concerns regarding the firm's reliance on automated processes and internal procedures not visible to customers. Trading 212 clearly communicated the reasons for alerts and provided opportunities to review and update financial information, with the system's safeguards described in detail in the FAQs. This explains how activity is assessed relative to declared income, deposits, and fees. It follows then that Trading 212 acted in a manner that was reasonable, and consistent with regulatory expectations.

Finally, I recognise that Mr D feels Trading 212 did not take full account of his specific circumstances. The Consumer Duty emphasises tailoring approaches to the individual customer and avoiding foreseeable harm. However, in this case, I'm persuaded Trading 212 reasonably exercised its discretion to ensure the safeguards were applied proportionately.

The break was a short-term measure intended to allow reflection and prevent potential harm, and it was applied with reference to objective criteria rather than arbitrary judgment.

I fully understand Mr D's frustration and the distress caused by the restriction, but I am satisfied that Trading 212's actions were aimed at protecting him from potential harm and the trading breaks were applied fairly and reasonably. I therefore don't think it would be fair to uphold Mr D's complaint.

My final decision

For these reasons, I do not uphold Mr D's complaint against Trading 212 UK Limited.

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

Farzana Miah
Ombudsman