

The complaint

Mr Y complains that StoneX Financial Ltd trading as City Index failed to do adequate checks when opening his spreadbetting accounts.

What happened

Mr Y opened two spread betting trading accounts with City Index in December 2018 and April 2024, and held a Contracts for Difference account, but I have focused on the two spread betting accounts. He made losses in excess of £43,000 between December 2018 and July 2024 the period he was trading. He says they made no attempt to validate his income, credit score or employment status. He said they didn't have any safeguards in place, didn't monitor his trading activity and failed to contact him when he made large losses. He explained that he is a pathological gambler who provided incorrect information to allow him to trade and City index failed to consider his vulnerabilities.

He complained to City Index, but they didn't uphold his complaint. They said they provide sufficient warnings and risk information to ensure customers understand what they are signing up to. They say Mr Y did not disclose any concerns in any of their communications and while safeguards are available to him, he did not take advantage of these.

As they didn't uphold his complaint, Mr Y brought his complaint to this service.

The investigator considered the merits of the complaint and said City Index had acted fairly and reasonably and didn't uphold the complaint.

As Mr Y didn't agree with the investigator, this came 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 do not uphold this complaint. I will explain further.

I would like to begin by clarifying that my role here is to consider all the evidence and decide whether City Index have done something wrong. If they have, my aim would be to put Mr Y back in the position he would have been in if the error hadn't occurred. But it is not my role to punish a business or to tell a business how it should operate. I also may not comment on each point individually, and I mean no discourtesy by this, it is simply the informal nature of our service. That said, I would like to reassure Mr Y that I have considered all the evidence and information provided as well as the relevant rules and regulations before reaching my conclusion.

Mr Y stated he should never have been allowed to open his trading accounts. In considering this, I have looked at what the rules say City Index should have done to establish whether the trading accounts were appropriate for Mr Y.

In the Financial Conduct Authority (FCA) handbook, COBS rule 10A outlines what a business should do to ensure the account is appropriate for the consumer. To establish this, City Index should have checked that Mr Y had previous experience in this type of trading and had the relevant knowledge and experience of investments generally. They should have asked about his financial situation, his ability to bear any financial risk as well as his ability to understand the risks of this type of trading.

City Index is an execution only service and are reliant on information provided to them about the customers personal circumstances. When Mr Y applied to open the accounts, he stated he was employed with an income between £50,000 and £99,000 per year and with savings of £5,000 to £49,000. He presented himself as an experienced trader who had traded fifty or more times in the last twelve months and successfully completed the application process. He did not mention any concerns around personal finances or any health issues, nor was this information changed at any point later.

In addition to the risk warnings given about this type of trading, Mr Y was provided with the terms of conditions of the account when he opened his account which included additional warnings. I can't see any reason why they would have thought the account was not appropriate for him.

Looking at the trading activity on his accounts, this would appear to be consistent with the level of income he declared at account opening. It is also important to point out that as an execution only service, City Index was not required to manage Mr Y's account. Although the later deposit amounts were higher than in previous years, it was not significant enough to raise any alarms on their internal systems.

I can see that City Index do provide further information to their clients offering support and referring to their Wellbeing webpage. The evidence I have seen shows this from the account activation page when the account is opened to multiple other occasions including generic emails that were sent on 16 January 2023 and 20 December 2024. I acknowledge these are general emails, but I haven't seen any evidence that City Index were aware of his financial situation or that he made them aware of this or the health issues he faced until July 2024. What I've seen is, his account was restricted the same day they were notified, so it is fair to say City Index did act straight away once they became aware of the situation.

I know Mr Y accepts he did not give accurate information when he opened the account and feels they should have checked the information, but the rules don't require them to do so. COBS 10A.2.6 says that a business is entitled to rely on the information the consumer provides them, and that is what City Index did here. What I can't do is hold them responsible for relying on the information he provided or failing to act when they were not aware of the true situation.

Mr Y also made us aware of complaints against other businesses, and I appreciate the difficulties he has faced over the years and the level of detail he has gone to explain his situation. However, I am limited to looking at this complaint against City Index here only and won't be commenting on any other complaints.

I know Mr Y will be disappointed with my decision, but I'm not persuaded that City Index treated him unfairly, or failed to comply with any regulatory requirements, so I won't be asking them to do anything. I'm aware he continues to have concerns about City Index and their trading practices as well CFD and spreadbetting trading generally. These are concerns which do not come within the remit of this service and would be better directed to the FCA who regulate financial businesses.

My final decision

For the reasons given above, I do not uphold this complaint against StoneX Financial Ltd trading as City Index.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 16 January 2026.

Naima Abdul-Rasool
Ombudsman