

## complaint

Mr E complains that IG Index Limited ("IG Index") manipulated the live trading platform as he'd been winning on the demo account while losing on the live one. He also complains that he never received the results of his appropriate assessment in writing and his account went negative multiple times.

## background

Mr E held a Spread Betting account with IG Index from 2011 till recently. Over this time, he traded frequently on the account with funds obtained from various sources including his bank and credit card accounts. Unfortunately, he lost a lot of money while trading through IG Index's platform, which has had a severe impact on him.

An investigator at this service did not feel his complaint should be upheld, noting:

- The appropriateness test, as set out by the FCA in its COBS rules (COBS 10), requires that sufficient information be obtained by the firm "to determine whether the client has the necessary experience and knowledge in order to understand the risks involved..."
- What this means is that IG Index had to assess Mr E's appropriateness to trade on its platform based on the information he provided to them. This was to determine whether he had sufficient knowledge and experience to understand the risks involved in the service or products offered
- The questions asked by IG Index and the responses given by Mr E showed that he'd traded in shares and bonds, exchange-traded derivatives and over-the-counter derivatives. He said he had traded these instruments frequently
- On the basis of those answers, she felt it was reasonable for IG index to conclude that a spread betting account was appropriate for him
- She'd not seen any evidence to suggest that the trading platform had been manipulated. The evidence shows that Mr E entered negative balance because he'd fallen below his margin requirement
- Mr E received texts, emails and calls from IG Index to deposit more funds into his account. The terms and conditions of his account state, *"If there is any shortfall between your account balance (taking into account P&L) falling below your total Initial Margin requirement, you will be required to deposit additional funds into your account*
- She hadn't seen any instances where the stop-losses weren't executed correctly, saying that stop-losses can be affected in much the same way as prices are when there is rapid movement in the market; a common risk of this type of trading. But IG Index said that if Mr E indicates any particular date that the alleged crash prevented him from withdrawing funds happened, they would look into this further
- The account was based on an execution-only service and IG held no responsibility for advising on his trading, monitoring his trading or managing his trading. He had sole responsibility in these respects, including responsibility for awareness and management of his exposure to risks
- Overall, she was satisfied that Mr E was warned about the high trading risks at the outset. So she didn't think that IG Index was obliged to provide risk management for his individual trades or account
- Demo accounts are generally used by investors who want to learn about the mechanics of trading in a risk-free environment. It allows them to familiarize themselves with the platform and is not meant to be used as a reflection of a real live

platform. This is outlined in the terms and conditions where it explains the key differences between trading a demo and live account

Mr E did not agree, and said:

- He didn't consider the appropriateness test was adequate or that his responses warranted IG agreeing he could undertake spread betting
- He did not have sufficient knowledge of the trading platform and IG misled him
- As it had now closed his account he cannot access key documents including the results of the appropriateness test
- He has asked it for more information but it has ignored these requests; so he cannot provide any additional evidence to this service
- IG manipulated the markets as third party evidence demonstrates – and he'd supplied examples of this
- Every time he tried to take a profit the system magically crashed and when it rebooted he was in loss

Mr E also reiterated a number of his original criticisms.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In this case I agree with the investigator and for the same reasons. As such, I will not repeat her lengthy assessment of the case and her responses to Mr E's detailed concerns.

Overall, I simply do not share Mr E's view about IG's responsibilities to would-be customers.

Firstly, it is clearly offering an execution-only service and does not advise customers as to whether this is a suitable activity given their financial circumstances and objectives.

Secondly, the main page of its website provides a very detailed risk warning, pointing out that this is a highly risky form of betting, that 68% of retail clients lose money using its services and that even professional clients are likely to lose money via this form of financial betting.

Thirdly, its page offering a demo account repeats these risks in detail and spells out that a demo account is very different to a real account, and lists these key differences.

This is the context in which it carries out a basic appropriateness test for new clients, a test which is reliant on the client answering questions accurately and then making an informed decision for themselves as to whether they want to undertake this activity.

I've also seen no evidence that IG manipulated trading in the way Mr E alleges. The way its platform operates, IG makes money whichever way the underlying market for particular assets move, and every move will lead to gains or losses for some of its clients depending on their spreads and stop-losses. So there is no logical reason why it would either seek to manipulate the market (even if this were possible) or do so specifically to Mr E's disadvantage.

I acknowledge that some third party websites feature former clients making similar complaint points to Mr E (although these also feature clients who are satisfied with IG's service). This, however, does not constitute persuasive evidence that IG is operating unfairly, merely that it has some dissatisfied clients, for whatever reason.

I have considered Mr E's additional points, including all those listed his email of 15 December 2019, but do not believe there is sufficient evidence to conclude that IG did anything wrong.

**my final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 7 May 2020.

Tony Moss  
**ombudsman**