Complaint

Mr D complains that Activtrades Plc cancelled some of his trades despite the fact that he had made a profit. He is also unhappy that cancelling or altering some of his trades caused a fault in his automated trading system.

background

Mr D put funds into his Activtrades account in May 2015. He regularly traded contracts for difference (CFD) on a particular index. This index was consistently priced at more than 16,500. He used an automated system to place his trades.

On 28 August 2014 Mr D placed further trades on this index. But the index was priced at around 3,200. As a result he made a profit of more than €10,000, which he attempted to withdraw. When he couldn't do so, he contacted the business and discovered that some of his trades had been cancelled. Mr D felt this was unfair and also said that the cancellation had disrupted his trading system.

One of our adjudicators looked at the complaint. He thought that it shouldn't be upheld. He considered that the price which Mr D was trading on 28 August 2014 was clearly incorrect. He also considered that Mr D would've known, at the time, that this was clearly an incorrect price because he had been trading on the same index for some time.

The adjudicator said that Activtrades' terms and conditions allowed it to cancel the incorrectly priced trades. And while it was unfortunate that Mr D's automated system had been affected by this, it wouldn't be fair to ask Activtrades to compensate Mr D for third party software it had no control over.

Mr D disagreed with the adjudicator. He said that this wasn't just an error because it had been ongoing for some time – it wasn't just a one off price that was wrong. He also thought that it wasn't fair that they cancelled his trades. And he thought that the fact that this error, and the subsequent cancelling of the trades, caused an error to his system meant that Activtrades should compensate him for any loss.

Since Mr D didn't agree with the adjudicator, the case was passed to me.

my findings

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 agree with the adjudicator and for essentially the same reasons.

I'm afraid that I have very little to add to what the adjudicator has already said.

The terms and conditions, which Mr D agreed to when he opened his account, allow Activtrades to cancel trades based on a Manifest Error:

'12. Errors

From time to time it is possible that errors may occur in the pricing of contracts. Notwithstanding the rights that you have under Applicable Regulations or law, <u>we reserve the right to void or to amend the terms of any Transaction that we reasonably believe, at our</u>

sole discretion, to contain or be based on an obvious or palpable error (a Manifest Error). In deciding whether an error is a Manifest Error we may take into account any relevant information including, the state of the underlying market at the time of the error and any error within, or lack of clarity of, any information source or pronouncement. In deciding whether or not there has been a Manifest Error, we will make reasonable efforts to take into account any financial commitments that you have made or refrained from making in reliance on a Transaction.'

So the question is whether the price Mr D traded on could reasonably be considered an '*obvious or palpable error'*. I'm satisfied that a price which amounted to a fraction of the price the index normally traded on (before and after 28 August) was clearly incorrect. And I'm satisfied that this would've been apparent to anyone who had some experience of trading on that particular index – and Mr D did.

So Activtrades was entitled to cancel or amend those trades that were based on a manifest error and this is what it did.

I've not seen evidence of what, if any, further losses were caused to Mr D. And I've not seen any evidence of what errors, if any, were caused to Mr D's automated software by Activtrades actions. So I'm satisfied that no compensation is payable.

my final decision

My final decision is that I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 February 2016.

Alessandro Pulzone
ombudsman