

complaint

Mr M complains that FXPRO UK Limited's systems didn't adequately protect his Contracts for Differences (CFD) trading account from unauthorised access.

background

Mr M had a CFD trading account with FXPRO. He has explained that by April 2017 he had built up a balance of around £13,000. However, Mr M explained that on or around 18 April 2017 his account was hacked from multiple overseas IP addresses and the cash in his account was withdrawn.

He complained to FXPRO and asked it to refund him the money that was lost from the account.

FXPRO looked into the complaint, but didn't consider it should refund him any money.

One of our investigators looked into the complaint but didn't consider it should be upheld. In summary, he considered there was insufficient evidence to demonstrate that someone other than Mr M had accessed the account. Instead, the evidence the investigator had seen showed that the losses on the accounts were due to trades that had been placed.

Although Mr M had referred to a number of IP addresses accessing his account, the investigator had seen evidence that suggested that Mr M had frequently accessed his account in the past from a variety of IP addresses – while these were all overseas IP addresses, they were from the same country Mr M was from. The investigator, in considering the evidence, thought it was more likely than not that Mr M had in fact placed the relevant trades (or at the very least was aware of them being placed) and, as a result, the money hadn't been withdrawn but had been lost due to market events. This wasn't something FXPRO was responsible for.

Mr M disagreed with the investigator. He said:

- He accessed his account and added funds on occasion, but didn't personally place the relevant trades that had lost money. He was in the UK when the trades were placed, yet the IP address was based outside the UK.
- He hadn't given any broker authorisation to trade on his account on his behalf. So it was clear that FXPRO's system had failed and it should take responsibility and refund him the money.
- He would never have gambled his money in this way. He had been carefully managing his account in order to build it up so that it could one day replace his day job. He said that as a result, he traded cautiously.

As agreement couldn't be reached, the case was passed to me to decide.

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 investigator and for essentially the same reasons.

I'm sorry to disappoint Mr M, but I too consider the documentary evidence which FXPRO has provided to be persuasive. It's clear to me that nobody in fact withdrew Mr M's cash from his account. Instead, the money was lost as a result of trades which were placed on Mr M's account.

But I'm not persuaded by Mr M's testimony that he didn't authorise or wasn't aware of these trades. I say this because I can see that Mr M hasn't questioned all the trading activity on his account. For example on 12 April 2017 Mr M placed two short trades on the GBPAUD currency pair. Both those trades were closed the following day crystallising around £670 profit.

On 18 April 2018 Mr M then opened 6 short trades again – three were on the GBPAUD currency pair, which he had traded previously, and three were GBPCAD. It's worth noting that there was nothing particularly unusual in the volume of these trades either.

These six trades were kept open until 27 April 2017. One trade was closed at around 5am, whilst the other five trades were closed at 10:28. These 6 trades caused Mr M over £15,000 worth of losses.

In looking at these trades, and given what Mr M has said about how he accesses his account, I think it's likely he would've noticed 6 open trades on his account. These would've shown fluctuating profits and losses; and given that the trades were also on currency pairs he had previously traded on, I don't think they would've caused Mr M any particular confusion. I'm not persuaded it's likely that a hacker would've accessed Mr M's account, opened six trades, and left them open for ten days – without Mr M knowing.

So based on this evidence, I'm satisfied that the trades were duly placed by Mr M, or someone he authorised to access his account on his behalf. Those trades were kept open for almost ten days, but unfortunately for Mr M, didn't return a profit. That's not something I can blame FXPRO for.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 May 2019.

Alessandro Pulzone
ombudsman