

complaint

Mr A has said that H2O Markets Limited (H2O) told him that his account was projected to achieve a profit of more than 30%. He has however suffered a loss of 95%.

background

Mr A opened an advisory CFD trading account with H2O in 2014. He has previously held similar trading accounts and was familiar with them.

H2O has said that it provided an advisory service to Mr A, but in some cases, he placed trades without advice. It has said that those instructions meant that the trades ceased to be advised trades.

The adjudicator didn't think the complaint should be upheld. She noted that Mr A had acted against the firm's advice. She also pointed out that Mr A had failed to keep enough margin in the trading account.

Mr A did not agree with the adjudicator. In summary, he said:

- He wanted to know what risk management system is provided by H2O.
- Concerning the margin call, if he had paid more money, he would have lost more money.
- He believes that the actual performance charts will disprove the claim of a 35% annual return when the account was opened.

The business added nothing further.

my findings

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

Before he opened his account with the firm Mr A had held CFD trading accounts with a number of firms. He told the firm that he had over five years experience of this type of trading. He also had experience of trading high risk penny shares. I must therefore assume that Mr A was aware of the risk and rewards of this type of trading.

In an email to Mr A the firm did highlight that a short term CFD trading portfolio managed by the firm had, over the past year generated a return of over 35%. Apart from the performance figures nothing else was said in the email about the trading strategy and how the returns had been generated. None of the required warnings about the dangers of relying on past performance were given.

However, Mr A had long experience of this type of trading. I consider that such an investor would have known that past performance is not a reliable guide to future performance. I also do not consider that he ought reasonably to have considered that the performance data he was given meant that a similar performance from his account was in any way guaranteed.

My conclusion therefore is that Mr A was a very experienced CFD trader who made the investment in the full knowledge that he could suffer very substantial losses.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 February 2016.

Michael Stubbs
ombudsman