

## **complaint**

Mr C complains that IG Index Limited:

- manipulated the transactions he entered into for their gain
- misled him about the nature of, and risks involved in using, their services
- unfairly closed some of his transactions
- used prices which weren't reflective of the underlying market prices
- allowed the unethical activities of leveraging and trading on margin
- allowed him to use a service not appropriate for him.

## **background**

An adjudicator looked into Mr C's concerns, but didn't think the complaint should be upheld. In summary, he said:

- The customer agreement and risk warning documents were clear about the risks and not misleading.
- Mr C had provided examples of two trades. But our adjudicator didn't think either showed that transactions had been manipulated.
- The trades were closed due to margin breaches. This was fair.
- The spreads were in line with the IG's stated charges.
- Leveraging or trading on margin is not illegal in the UK.
- It was reasonable for IG to conclude the account was appropriate for him.

Mr C didn't agree. He said that all customers lost money. So IG's terms and conditions should say so. He said the terms and conditions didn't make clear the impact of leveraging or the speed at which losses could mount. He also said that IG should ask questions about his gambling experience, not his trading experience.

## **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 our adjudicator. So I'm not going to uphold Mr C's complaint.

Mr C clearly believes that the spread betting industry is fundamentally unfair and rigged. He's provided some articles about other countries banning similar industries. And he says everyone makes losses and the industry should admit this. But as our adjudicator pointed out, it remains a legitimate industry in the UK and is regulated by the Financial Conduct Authority ("FCA"). There's little more I can say about that.

As well as his general objections to the industry, Mr C gave us two examples of specific trades to investigate. I've looked at the evidence on these. I can't see any evidence that the prices were out of line with the market or "rigged".

IG's terms and conditions also made their policy on margin calls clear. Mr C accepted these terms and conditions when he opened his account. These terms and conditions said that it was his responsibility to keep enough margin on his accounts to support his trades. Otherwise, IG have the right to close them without contacting him first.

IG are subject to Conduct of Business rules set by the FCA. These include COBS 10.2, which says:

*“...a firm must ask the client to provide information regarding his knowledge and experience in the investment field relevant to the specific type of product or service offered or demanded so as to enable the firm to assess whether the service or product envisaged is appropriate for the client”.*

I've looked at Mr C's application form for his IG account. He said he traded “*frequently*” in shares and bonds, exchange-traded derivatives and OTC derivatives. He also answered “yes” to the question: “*Do you have any experience or qualifications which would assist your understanding of our services?*”

I'm satisfied from the evidence about that IG complied with COBS 10. I think it was reasonable for IG to conclude the account was appropriate for him.

I know Mr C thinks IG should have asked about his gambling experience, not his trading experience. But spread betting is a financial product based on trying to predict market movements. So I don't think it's unreasonable to ask questions about trading. And OTC derivatives (which include contracts for differences and spread bets) are clearly directly relevant.

IG didn't disguise the fact that spread betting was high risk and leveraged. I won't repeat the extracts our adjudicator quoted from their terms and conditions. But they included “*entering into bets with us carries a high level of risk and can result in losses that exceed your initial margin*”. I'm satisfied that the warnings of the risks were clear and not misleading.

### **my final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 October 2016.

Louise Bardell  
**ombudsman**