

## **complaint**

Mr L has complained that FXPRO UK Limited ('FXPro') misrepresented asset valuations on its trading platform. He said this made his trading decisions difficult and as a result he incurred losses.

## **background**

Mr L had been trading currency and commodities through FXPro's platform, MetaTrader 5 ('MT5') on an execution-only basis.

In March 2018 Mr L complained that the spreads the platform showed on the screen were different from what he actually received on his trades. Mr L provided an analysis of his trading history from 5 February 2018 to 28 March 2018 and believed he had lost around €4,200.

FXPro considered Mr L's complaint and acknowledged that there was a mismatch between the price shown and the "candlestick" on the MT5 platform. It said the reason for the mismatch was due to a numerical rounding error with the MT5 terminal, which it was investigating. FXPro reviewed Mr L's trades during this period and identified nine trades that it thought could have been affected by the mismatch. As a gesture of goodwill, it offered him €843.30 for the losses he incurred on these trades.

Mr L didn't accept the offer and referred his complaint to our service. He said he ought to be compensated for all of his losses during this time as the trades had been affected by the same issue. He also said FXPro should compensate him for other direct and potential losses. This was because the losses on the trades he initially identified had led to several long-term positions being closed prematurely due to the triggering of stop losses and margin calls. Mr L estimated these losses to be between €500,000 and €4,000,000.

Mr L added to his complaint that he'd experienced further issues trading gold on Friday 11 May 2018. He'd placed a buy trade earlier in the day and when he attempted to close it just before the market closed, it was rejected. On Monday 14 May 2018 Mr L opened extra trades to try and offset losses as a result of his position in gold. But this resulted in further losses, totalling around €900. Mr L thought FXPro was responsible for these losses.

FXPro said Mr L had tried to close his gold positions seconds before the market closed. It said this failed because there wasn't any pricing coming from its liquidity providers at the time. FXPro said that because Mr L was technically trading within market hours, it offered to zero out his gold position as a gesture of goodwill. However, it said it wasn't responsible for his other losses because it was his decision to take this additional risk.

An investigator considered the complaint but he didn't recommend that FXPro should do any more to put things right. He considered the redress offer from FXPro was reasonable in the circumstances. The investigator accepted that FXPro had acknowledged a minor mismatch between the true market price and what the chart package service on the MT5 system was showing to him. But, the client agreement Mr L agreed to when he signed up for his account says that FXPro couldn't guarantee the platform was free of any errors or deficiencies. And Mr L was solely responsible for his trading losses when operating an 'execution-only' account and for monitoring his trades.

In the investigator's opinion, the price mismatch was minimal and could've also worked in Mr L's favour. But overall, he didn't think it was reasonable for Mr L to base his trading decisions on the charts alone. This was because of the lag between the chart prices being updated and because it was based on the 'last' price rather than the 'bid' price. He also didn't think Mr L had provided evidence showing that the closure levels of any of his trades were incorrect. So, he didn't think there was any basis for increasing the compensation.

The investigator also didn't think FXPro was responsible for the other losses Mr L had claimed in relation to the long-term positions that were closed due to triggering stop losses or margin calls. He considered FXPro had closed these positions in line with its order execution policy. If Mr L wanted to avoid this, the investigator said he needed to provide increased funds or operate with wider stop loss levels. The investigator also thought FXPro's offer to zero out Mr L's gold position in May 2018 was reasonable as it couldn't be held responsible for Mr L's decision to try and offset his losses the next working day.

Mr L didn't accept the investigator's findings. He said he'd based his trading strategy on what he saw in the charts. And he'd shown he'd lost money because of FXPro's mistakes. Mr L maintained the errors were not minimal. He said his trades were highly leveraged and he had little margin, so any difference in the spread shown in the charts had a bigger impact. If there hadn't been a mistake then his positions wouldn't have been closed automatically by margin call and would be open today with large profits of which he has been deprived. Mr L said he'd needed to take a loan to cover his studies. He also wanted to know who was responsible for the errors in the MT5 platform, if not FXPro.

As no agreement could be reached, the complaint was referred to me to make a final decision.

### **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'm not upholding Mr L's complaint, for largely the same reasons given by the investigator.

The relevant terms of the agreements Mr L agreed to when he opened an account with FXPro are as follows:

#### *Client Agreement*

*4.3 We do not provide investment, financial, legal, tax or regulatory advice nor do we provide any other form of recommendation. You understand that you shall make your own assessment of any transaction prior to entering into a trade or a bet, and shall not rely on any opinion, material or analysis provided by us or any of our affiliates, employees, or other related parties as being advice or recommendation...*

*7.3 The Software, which may have been developed by a third party, is provided 'as is'. We will ensure, but cannot guarantee, that the Software supports data security protocols compatible with those used by FxPro. We also cannot guarantee that the Software is free of any errors or deficiencies.*

FXPro has acknowledged that there was a slight inaccuracy with regard to the price shown on the platform and the level of the chart. It explains that the mismatch occurs when the digits taken by its price aggregator are greater than those taken by MT5. By way of an

example, it said if the resulting price on its aggregator is 65.346, the price on MT5 would show only 65.35. It said this could account for the difference shown in the chart. Furthermore, FXPro explains that the candlestick is built from the 'last price'.

Taking the above into account, as well as the lag between the chart prices being updated, I think this explains the differences between the prices Mr L saw in the charts and the actual market price he traded at. While I appreciate Mr L says this caused him losses, I don't think FXPro is responsible for these losses. I say this because the charts Mr L was using were a visual aid intended to be used for information only. And as per the above terms, FXPro didn't provide any guarantee that the platform was free of deficiencies. So, I think Mr L ought reasonably to have known not to his base decisions solely on the charts.

I know Mr L's trades were highly leveraged, so a minimal difference in price could mean a large loss to him overall. But I haven't seen enough evidence to say the difference in price meant Mr L would've made different decisions or that he would've avoided those losses. Ultimately, when he executed the trades, he would've seen the true market value and what this represented in terms of profit or loss. So, I think he would've known what the chart showed wasn't the price he was getting. And although Mr L experienced losses because of the price mismatch, he also could've benefitted from it. The fact he experienced losses alone doesn't demonstrate a mistake on FXPro's part.

FXPro offered Mr L compensation of €843.30 as a gesture of goodwill. This is because it identified nine trades that it believed could've been affected by the price mismatch and this was the total of the losses Mr L incurred on those trades. I don't think Mr L should receive any additional compensation above this sum because I don't think FXPro was responsible for any of his losses.

#### *losses on closed long-term positions*

Mr L complained that because of his initial losses FXPro closed out some long-term positions and he feels he would've enjoyed a substantial profit if these had remained open.

The relevant terms of the Order Execution Policy say:

*'8.4 MetaTrader 5: at Margin Level of less than 40% we have the discretion to begin closing positions starting from the most unprofitable one. At Margin Level of less than 30% we will automatically close positions at the current market price, starting with the position requiring the most margin. If the account Margin Level is still below 30% the same procedure is repeated for the next applicable position; if the Margin Level continues below 30% the server will close the position with the largest loss. Positions will be closed until the Margin Level becomes greater than 30%.'*

Mr L's margin dropped below the required level, so FXPro was entitled to close these positions as per the above terms. And as Mr L operated an execution-only account he was solely responsible for the profits and losses and for monitoring his positions. He was also responsible for providing adequate margin and for changing stop losses to support his positions. So, I don't think I can hold FXPro responsible for these additional losses claimed by Mr L.

*inability to close gold positions*

Mr L complained that he was prevented from closing out his gold positions on Friday 11 May 2018. He said this meant he made a loss when he was eventually able to close the positions on Monday 14 May 2018. However, he made additional trades that day to try and offset this loss, which also closed at a loss. He considers FXPro is responsible for all of these losses as he would've avoided them entirely if he'd been able to close his gold positions on 11 May 2018.

FXPro has said according to the journal Mr L provided, he attempted to close his gold position four times (CET):

- 22:59:44
- 22:59:46
- 22:59:48
- 22:59:49

FXPro says these attempts failed as there was no pricing coming from its liquidity providers for that instrument at that time. As this was seconds before the market closed, it thought it was possible that liquidity may have dried up. And without pricing, Mr L's close orders were rejected automatically by the system.

While FXPro operates its service until 22:00:00 GMT, section 10.5 of the Client Agreement says:

*'Likelihood of Execution: We rely on third-party LPs for prices and available volume of the different financial instruments we offer. Therefore, the execution of Client's orders will depend on whether there are prices and liquidity available at the time these orders are received...'*

While it was made just inside operating hours, I don't think Mr L was given any guarantee that his order would be executed. And I think it's understandable that no pricing was available given how little time was left before the market closed. So, I don't think FXPro is responsible for this loss or any other loss that Mr L considers flows from it. That said, FXPro made an offer to zero out Mr L's gold position as a gesture of goodwill. I think that's fair in the circumstances. But I won't be asking FXPro to do any more to cover the additional losses Mr L made the next working day.

**my final decision**

I'm aware that FXPRO UK Limited has made an offer to pay Mr L €843.30 and to zero out his gold position associated with order number 9580615. I conclude that such an offer is fair and reasonable in all the circumstances.

My decision is that FXPRO UK Limited should pay Mr L €843.30 and zero out his gold position associated with order number 9580615.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 March 2019.

Hannah Wise  
**ombudsman**