

complaint

Mr B has complained that IG Markets Limited failed to stop his spread betting getting out of control. He says they only helped him when he told them he had run up large debts and it was too late. He feels he would not have got into this situation if IG's systems were fair and reliable. In particular he has mentioned one large profitable trade where he could not close out his trade at a profit and eventually when it was closed he made a loss.

background

Mr B says he has a gambling problem and that he has borrowed on his credit cards and from friends and family to gamble. He says IG should have done more to protect him.

Mr B opened an execution only trading account with IG in November 2013. At the time IG carried out an appropriateness test, as it is required to. IG concluded that the account was not appropriate for Mr B due to his lack of experience. However Mr B decided he still wanted to have a spread betting account despite being warned it was not appropriate. So, as allowed by the relevant rules, IG did allow him to have an account.

The account was very actively traded over the years and Mr B made numerous card payments to fund the account. Mr B has complained that IG let him continue to trade whilst he had built up over £100,000 of debt.

One of our adjudicators considered Mr B's complaint. He did not think IG could be held responsible for Mr B's overall losses. Mr B had decided to trade in spite of IG telling him the account was not appropriate for him. Further, IG had provided him with at least one opportunity to close the account in view of his losses up to that point, but Mr B refused.

The adjudicator also said that the oil position required the manual intervention of market makers because of the size of the position. Therefore, it could not be closed as quickly as Mr B had wanted.

Mr B disagreed and said that the ombudsman service is biased. As regards the oil trade, he said that the business let their clients assume that they could trade positions of any size.

my findings

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

IG does have a duty to treat its customers fairly and it should not put its own interest above its client's. It may therefore seem odd to allow a client to open a spread betting account when it has been assessed as not appropriate. But the rules do allow IG to open the account and Mr B has operated the account for a number of years. He has traded very actively. Also he has not argued that he should never have been allowed to open the account at all. It is therefore difficult to say that IG should not have allowed Mr B to open the account.

Having opened the account Mr B then traded very actively seemingly without any problems. There is no evidence or even any allegation that Mr B told IG that his gambling was out of control and that he was running up debts to gamble. As Mr B has said when he told IG he was borrowing money the account was stopped. There is no reason to think his trading

would not have been blocked sooner if he had told IG of his problems. For example Mr B has not run up large debts with IG which it allowed to accumulate unfairly.

While IG should not knowingly allow its customers to get into difficulties - but there is no evidence that it knew of Mr B's problems. There is no evidence that he asked for help and it was refused or that IG should have realised he was running up debts or needed help.

There was an occasion when Mr B apparently talked with a broker about the size of his losses (which is not the same thing as debts) and IG gave him the opportunity to close his account. Mr B said he did not want to. Mr B later said he should have done so and he would be better off – but IG cannot be held responsible for Mr B's decision. Indeed in the call when he mentioned this earlier conversation, Mr B refers to having set aside a large sum for trading which he had nearly used up. This sounds like an unsuccessful trader rather than a problem gambler who is out of control.

In the case of the large oil trade in 2015, this was a very large trade and IG's explanation is reasonable.

I understand that Mr B has been unsuccessful in his trading and he may feel that the system is rigged against him. But this is probably a common feeling when trading has not gone well. And, by his own admission, Mr B has a problem with gambling and so may not see things in a dispassionate or unbiased way. But there is no evidence that things are rigged against him. For example it's not really in IG's interests to have unsuccessful and unhappy clients – IG does not generally win the sums Mr B loses.

I cannot see IG has treated Mr B unfairly and so it is not fair and reasonable for me to uphold Mr B's complaint.

my final decision

I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 August 2017.

Philip Roberts
ombudsman