

The complaint

Mr A complains that IG Markets Limited unfairly closed out certain positions he had open due to insufficient margin, even though he had made the required bank transfer. He complains that IG had the money and could've applied it to his account in such a way as to avoid the liquidation of his positions.

What happened

Mr A had a spread-betting account with IG. Mr A had spread-bets open on the GBP/USD currency pair which suffered a significant price drop on 23 September 2022. The continuation of the price drop after the market opened on the night of 25 September 2022 was caused by an external UK government announcement.

Mr A made several payments on 23 September 2022, and one final payment that evening of £25,000. When he called IG to inquire about whether the payment had been cleared, he was told it hadn't and he needed to provide proof of payment or wait for the payment to clear. Unfortunately, the proof of payment he provided was not acceptable to IG who confirmed this in an email to him. The email explained that it had tried to assess whether they could credit the funds in advance but the proof of payment Mr A had provided '*looked blurry*' and so Mr A was asked to show the transaction history from his account to see if the money had been debited.

Unfortunately, as the payment was initiated after hours, the payment was due to be credited on the next business day – Monday 26 September 2022. Mr A's account fell into margin deficit (less than 50% available margin) at 1:57am on 26 September 2022, and again at 2:00am when it was liquidated. His transfer was eventually credited to his account at around 3:00am on 26 September 2022.

Mr A complained to IG. He said:

- He had always met previous margin calls, and every previous BACS transfer he had made had been credited to his account within hours.
- He attempted to transfer £25,000 to cover any potential volatility over the weekend. He used the same method of transfer he always used.
- He was notified outside of market hours that his account was in danger of being closed, and IG requested the funds outside market hours. He said IG had begun the closure of his account before notifying him that this was a risk.
- He wasn't given time to act.

IG looked into Mr A's complaint, but didn't think it had done anything wrong.

In short it confirmed that as Mr A had initiated the payment after hours, it would not have cleared over the weekend. It confirmed that the payment was credited to Mr A's account within minutes of IG receiving it. And it said that Mr A's positions were properly closed due to

insufficient margin.

Mr A remained unhappy and referred his complaint to this service. One of our investigators looked into his concerns but didn't agree it should be upheld. In summary, she explained that as Mr A had initiated the transfer after hours on the weekend, IG did not receive the money until the next business day. She explained that Mr A's positions were properly closed due to insufficient margin, and it was unfortunate that this happened shortly before his bank transfer was credited to his account.

Mr A didn't agree and provided detailed comments in response, in summary:

- The investigator focused too much on COBS 22.5.13R and didn't consider IG's other obligations, including IG's own terms and Mr A's best interests.
- Mr A had previously always funded his account without delay – and he had never had to provide proof of payment. He said the funds were with IG on Saturday 24 September 2022 and so its subsequent action was unfair and unreasonable.
- He had attempted to fund his account via credit card and this had been unsuccessful.
- It wasn't clear why the payment was credited to Mr A's account when it was, given that it was during the night – and if it was possible to credit the account at that time, why could it not be done an hour earlier before Mr A's positions were closed.
- His initial proof of payment was accepted and then rejected – this was unfair and Mr A was left without any way to conclusively prove he had made the payment. This was IG's failing and it was unfair for Mr A to be penalised for this.
- The margin call emails were not clear, and didn't explain the regulatory situation properly. Mr A said that there was a difference between saying that there was a risk of positions closing versus the fact that IG was required to close those positions. He said that IG's emails suggested discretion and probability, when it should've suggested near certainty. It said this was even more important given that the second margin call email gave Mr A only ten minutes to take action.
- Mr A's account was in margin deficit by around 9pm on the Sunday night, so it wasn't clear why IG waited a number of hours before closing his positions.
- IG failed to act in Mr A's best interests by failing to accept the payments he made in accordance with the procedures it set out and past practice. And IG failed to ensure its margin call emails were fair, clear and not misleading when explaining the situation to Mr A.
- It reiterated that Mr A did take action to add more margin to his account, and to act responsibly and sensibly by pre-funding the account ahead of the weekend. He said he should not be penalised by the fact that IG's inflexibility and unreasonableness rendered those precautions useless.
- He said that his losses were difficult to quantify and therefore said that an initial determination on liability needed to be made first, with quantum following suite.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

I'm sorry to disappoint Mr A, but whilst I've considered his submissions in detail, I'm not persuaded they make any difference to the core issues in this case.

Mr A said the investigator focused too much on COBS 22.5.13R, and didn't also take into account the terms of the account and Mr A's best interests. I'm not persuaded that's accurate. The terms of the account, as I mention below, required Mr A to ensure he had sufficient margin, *in cleared funds*, in his trading account at all times. It isn't in dispute that he didn't at the time. And COBS and Mr A's best interests are very much aligned – because the very reason why IG was required to close Mr A's positions when he had less than 50% margin available was precisely to limit the extent of his financial losses. On this point I think it's important I emphasise that IG did not cause Mr A's losses – Mr A already had unrealised losses which were caused by the difference in the price of GBPUSD from when he originally opened his trades to the morning of 26 September 2022.

I'm also not persuaded that the fact he had previously tried to fund the account in this way is material – as the evidence I've seen shows that he not previously tried to transfer money after close of business on a Friday or over the weekend. Nevertheless, as I go on to explain below, when IG receives the money in its own bank account isn't something it has any control over. I'm satisfied the evidence shows that IG received the money in its account on Monday 26 September and not earlier.

Mr A has also raised queries about the fact that he had tried to use his credit card, but been unsuccessful, and queried why the payment couldn't have been credited an hour earlier, given the time that it was eventually credited. He's also claimed it was unfair that his initial proof of payment was accepted and then rejected, and said he was left without any way to conclusively prove he had made a payment.

IG has already explained why Mr A's credit card payments were declined. I don't consider those explanations unreasonable. As I've said above, and I explain in more detail below, when IG actually received Mr A's bank transfer isn't something it had any control over – so I don't agree its material to speculate why the money was credited at 3am rather than 2am. The earliest it could be credited was the first business day after the transfer – and it was an unfortunate coincidence that Mr A's positions were liquidated shortly before that money reached his account. I'm not persuaded it would be fair and reasonable to hold IG responsible for any financial consequences of this – assuming there are any given that Mr A could have reopened his positions immediately after receiving the money in his account.

In relation to Mr A's proof of payment, I'm not persuaded he was given inconsistent information. I'm satisfied that Mr A was clearly told what he needed to do after the transfer and why it could not immediately be credited – I've seen the email that explains why his proof of payment hadn't been accepted, and what else he needed to show.

Mr A has also made detailed comments about the emails he received about having insufficient margin – but I don't agree these comments are persuasive, or a key to the outcome of this case.

It isn't in dispute that Mr A knew his positions were at risk of being closed, and even if I thought the emails could've been clearer about this, the terms of the account made it abundantly clear what would happen in the event Mr A had insufficient margin. I would also add that Mr A was also not solely dependent on these emails to understand the situation in relation to his positions – he had the visibility of his account, and this showed him the

unrealised losses he was incurring and would've showed how much available margin he had left and how close he was to being liquidated. Mr A has said himself that he wasn't concerned about the emails, not because of the content of them, but because he had already made the transfer.

In terms of margin situation on Mr A's account, it isn't accurate that his positions ought to have been closed at 9pm on the Sunday night. The evidence I've seen shows persuasively that Mr A had less than 50% margin available at around 2am on 26 September 2022, the Monday, and his positions were immediately closed after that limit was reached.

And in my view, this is the key issue: Mr A's account had insufficient margin in the early hours of 26 September 2022, and under the relevant rules, IG was required to liquidate his account. IG had no discretion over this, and had it not acted immediately, it ran the risk of being liable for any further losses incurred.

As I've mentioned above, under the terms of the account, Mr A was required to ensure he maintained sufficient margin at all times, and this would need be in the form of '*cleared funds*'. So in principle, it was for Mr A to ensure that he made any bank transfers well in advance of relevant cut-off times. Whilst the timings in this situation were unfortunate, they weren't influenced by anything IG did or didn't do.

I'm satisfied the evidence shows that Mr A's payment was placed after hours on the Friday, and so it wasn't unreasonable that it would only be credited on the Monday. I'm not persuaded that IG '*failed*' to accept the payment Mr A had made – it was simply the case that he had made it a time which meant the payment was not going to be credited to his account until the next business day. That is precisely what happened. Crucially, I'm not persuaded this had anything to do with IG – it was reliant on processing times of its own bank, and once its bank had cleared the funds, it ensured they were available to Mr A almost immediately. It's clear to me therefore that it treated Mr A fairly and reasonably.

Mr A had other payment methods available to him, and I'm not persuaded IG ought to bear the financial consequences of Mr A being unable to use those payment methods.

I would also add that Mr A had other options to increase the level of his margin – for example by reducing the size of some of his open positions or closing some of them himself.

Taking all this into account, I'm satisfied the evidence persuasively shows that when the transfer was received by IG, it transferred the funds to Mr A's account within minutes. I'm not persuaded there's anything IG could've done to specifically facilitate a quicker transfer – I've seen no evidence that IG failed to do something which would've allowed Mr A's account to be credited any quicker than it was. And so on that basis, I'm not persuaded Mr A's complaint should be upheld, nor that any compensation should be payable.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 March 2024.

Alessandro Pulzone
Ombudsman