

The complaint

Mr A complains that IG Markets Limited closed two of his open positions and then closed his account without his consent. He's unhappy with the poor service and unfair treatment he said he's received, and he wants £20,000 compensation.

What happened

Mr A had a spread betting account with IG Markets. On 13 October 2022, IG closed four of Mr A's open positions. He says there was a previous margin call and close out when his account equity was at 49.9% and he doesn't understand why the equity on this occasion was so much lower before the positions were closed. In any event, he says that IG Markets had technical issues and that he'd deposited money to keep the positions open. He told IG Markets that what happened had impacted his emotional well-being and mental health.

IG Markets said the positions were closed in line with the agreed terms and conditions because Mr A's account equity had dropped to below 50% of his margin requirement. It said there were no technical issues on that day and that Mr A made a deposit of £1,000 *after* his positions were closed.

IG Markets said that Mr A's comments about his mental health led it to believe that the use of its services was having a detrimental effect on his wellbeing and so it decided to close his account.

Mr A remained dissatisfied about his positions being closed so referred his complaint to us. He said he should've been allowed to express his feelings to IG Markets, without it then closing his account.

Our investigator didn't recommend that the complaint should be upheld. He thought IG Markets had treated Mr A fairly, and in line with its terms and conditions. He concluded Mr A's account equity had dropped below 50%, that he'd deposited money after his positions had been closed, and that there was no evidence of any technical issues. And he thought IG Markets had acted in Mr A's best interests by closing his account.

Mr A didn't agree so the complaint was passed to me.

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.

Mr A has also complained about the difficulties he faced in withdrawing money after his account was closed. This is the subject of a separate complaint and so I won't be commenting further about that here. This complaint is about his positions being closed and IG Markets' decision to close his account.

Having considered everything carefully, I find I have come to the same conclusion as the investigator for the following reasons:

The terms and conditions say:

“Where we have categorised you as a Retail Client and only to the extent required by Applicable Regulations, we may close or part close any open Bets on your account if your Account Balance is equal to or less than 50% of the total Margin requirement for your open Bets.” (15(6))

I’m satisfied that Mr A’s account balance on 13 October 2022 was less than 50% of the total margin requirement – the equity was £824.70, and the margin requirement was £2,115.25, so around 39%. I find that IG Markets acted in line with the agreed terms when it closed Mr A’s positions.

Mr A says the positions were closed after he’d deposited money into his account. But IG Markets’ records show that his deposit was in fact received shortly after the positions had been closed. Whilst I appreciate Mr A made the deposit within a couple of minutes of the positions being closed, I don’t find there was any obligation on IG Markets to reverse the closure of the positions on receipt of his money.

Mr A thinks there was likely to have been technical problems at IG Markets when he was trying to deposit the money. And he says IG Markets refunded him or put his positions back when there’d been technical issues before. But around the time Mr A deposited money, no technical issues were flagged by IG Markets’ internal systems or reported by other clients. And Mr A hasn’t told us about any difficulties he had making the payment or provided any evidence of why he thinks there was a technical issue, other than this was something he’d experienced before. I’m not persuaded there were any technical problems with IG Markets’ systems on 13 October 2022 which prevented Mr A depositing money. And so I don’t find his positions were unfairly closed.

Mr A says his positions should’ve been closed immediately when the equity fell below 50%, rather than waiting until it reached around 39%. But I can see that the relevant underlying index was volatile around this time and the positions were closed based on the next price available.

I’ll now consider IG Markets’ decision to close Mr A’s account.

IG Market’s terms say:

“We may immediately terminate this Agreement with you if.....(b) an Event of Default has occurred or is continuing.” (28(4))

And an “Event of Default” is defined as, amongst other things, *“your failure to make any payment (including any payment of Margin) to us or to any Associate Company of ours in accordance with the conditions set out in Terms 15 and 16” (17(1)(a))*

Mr A had failed to make a payment of margin, so I find the terms allowed IG Markets to close his account without notice. Even so, I need to consider if this was fair and reasonable, particularly taking into account that Mr A funded his account within a couple of minutes of his positions being closed.

There are two key reasons why I think IG Markets treated Mr A fairly in deciding to close his account:

1. Mr A told IG Markets that what had happened – the closure of his positions - had impacted on his well-being and mental health. And this wasn’t the first time he’d felt like this – Mr A has referred other complaints to us which haven’t been upheld, but Mr A told

us the events which caused them left him feeling very stressed.

I've thought about whether IG Markets should have reasonably known at an earlier stage that this type of trading would adversely impact Mr A. Another ombudsman has already decided, following our investigation into one of Mr A's other complaints, that IG Markets had done enough to determine that it was appropriate for Mr A to open a spread betting account. And I'm satisfied that he would have been directed to the various risk warnings about the nature of this type of trading and would reasonably have understood how leverage and margin worked on the account. I can't see there was anything to indicate, either when Mr A applied for the account or on an ongoing basis up until the events of October 2022, that he might be vulnerable, or that the nature of the trading would impact his wellbeing.

But his statement to IG Markets when it closed his positions on this occasion was enough for IG Markets to reasonably have concerns that the use of Mr A's account was now having an adverse impact on his mental health and well-being. And I find the decision was fairly taken to protect Mr A from any further stress and worry.

2. Whilst IG Markets said it would be closing Mr A's account, it told him he could close any existing positions at his own convenience. Although Mr A didn't have any open positions, had he done, this would have prevented the forced closure of any positions at a loss. IG Markets told Mr A it wouldn't allow him to open any new positions, which I find was the fair action to take in the circumstances to prevent him any further stress.

For the reasons I've explained, I find IG Markets treated Mr A fairly and reasonably and in line with the agreed terms and conditions.

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 16 May 2024.

Elizabeth Dawes
Ombudsman