

The complaint

Mr A complains that several positions on his trading account held with IG Index Limited were incorrectly netted off when the account was set by default to 'force open' status. He says this was caused by an inherent IT problem with IG's system and he's incurred a loss of just over £200 as a result.

What happened

Mr A complained to IG in October 2022 when four of five Spot Gold positions on his account were closed unexpectedly due to being 'netted off' when he opened a further position in the opposite direction. He felt this shouldn't have happened as his account was set by default to 'force open', meaning the new position should've had no impact on the existing positions.

The 'force open' setting on an IG account enables traders to maintain exposure to a market while opening new positions in the same market but in the opposite direction. Without it, positions opened in opposite directions will 'net off' against each other, with existing positions being automatically closed when opposing positions are opened.

IG looked into the matter but based on its system records concluded that the issue had been a result of what it referred to as a 'force open error' on Mr A's part. In short, that he had amended the setting for the trade in question and, as such, it hadn't acted incorrectly.

IG added that it had a standard process for dealing with this type of event – where a customer had unintentionally netted off. It explained it would normally act to resolve the issue once made aware, as positions being opened in the same instrument but in opposite directions didn't change its exposure. Where a loss had been realised because of this type of 'force open error', it would open the original position from the opening price and open a new position of the same size in the opposite direction at the closing price, then refund the affected account with the realised loss.

This solution was offered to Mr A when he complained but he declined it on the basis that the prices had by that point changed and further, he'd experienced the same problem once before, in July 2022, and on that occasion, IG hadn't done as above. Instead, it had simply refunded the losses Mr A had incurred. So, he felt IG should've done the same on this occasion.

IG explained that in respect of the July 2022 example, the usual process described above hadn't been followed properly – rather, it looked like a member of staff had of their own accord tried to resolve the problem in an alternative way. So, IG was satisfied a correct and fair resolution had been offered to Mr A in October 2022, particularly as its investigations had determined that it hadn't been at fault and the error had been Mr A's.

Mr A referred the matter to this service, but our investigator reached the same conclusion as IG. He was satisfied, on balance, that the matter had stemmed from an action on Mr A's part and IG's response had been reasonable.

Mr A strongly disputed this view. He vehemently defended his opinion that the position

should've been opened as 'force open', in line with the default setting on his account and he was therefore not responsible. Rather, it was an IT system problem that had caused the issue.

As no agreement could be reached, the matter's been referred to me to decide.

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.

My role is to determine Mr A's complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case taking into account relevant: law and regulations; regulator's rules, guidance and standards; codes of practice; good industry practice at the time - where I consider it appropriate to do so.

And my findings are made on the balance of probabilities – what I think is more likely than not to have happened – and it is for me to decide how much weight to give to the evidence provided by the parties.

I appreciate Mr A's strength of feeling in this matter. But based on the evidence I find I'm unable to conclude that IG acted incorrectly.

I note what Mr A says about the potential for records to be falsified (although he acknowledges the unlikelihood of that in this case) and that the problem was a result of an IT error or faulty software. But I have no basis on which to conclude that the records supplied by IG are incorrect in any way. And in respect of a systemic IT issue, I don't think the evidence that's been provided supports this. I understand that the problem occurred previously for Mr A. But that makes for only two instances, quite some time apart, across a trading period of many months. I'm not saying that IT systems are infallible, but I don't think this suggests the presence of a systemic problem.

I must balance Mr A's description of what happened against what IG's logs show. And in doing so, I find it's more likely than not that the status for the order in questions was actively changed to net off from force open. I can't say definitively that's what happened, but I think the evidence I have available to me suggests such. Mr A questions why he would've deliberately changed the status, but I'm not making a finding that he acted deliberately. It seems more likely than not that this was simply an error on his part, although I appreciate he'll strongly disagree with me.

Regarding the different ways in which the two instances were handled, I accept IG's explanation of what happened. Whether the first instance was dealt with as it was because the staff member was unaware of the 'usual' method for dealing with the situation, or because he was simply trying to resolve the matter swiftly for Mr A in a situation with a limited loss – only £98 – isn't really relevant. The handling of the October instance that's the subject of Mr A's complaint was reasonable in my view, given that IG considered it had done nothing wrong.

My final decision

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 February 2024.

James Harris
Ombudsman