

## **The complaint**

Mr W complains that IG Markets Limited, trading as IG, didn't act on his instructions, or in line with its procedures, to close his open position in a delisted company at a price level of zero. He says he is incurring overnight funding and borrowing fees for a position which he may never be able to close.

## **What happened**

On 13 March 2020 Mr W opened a short daily funded spread bet on a company I'll refer to as "F".

On 16 March 2020 F shares were suspended from trading. The shares were delisted on 29 July 2022.

In February 2022, Mr W contacted IG to ask it to close his position at zero. And he complained when this didn't happen.

IG said it couldn't close the position because it would need to buy back the shares and it couldn't do this while the shares were delisted or suspended. It said closing the position at zero would unduly profit Mr W and didn't reflect the underlying market – the position couldn't be closed as worthless unless or until F declares it has no worth.

Our investigator didn't recommend that the complaint should be upheld. He thought IG had acted in line with its procedures and that its explanation for not being able to close Mr W's short position was fair and reasonable. He noted that Mr W had initially been told he could close the position at a price of zero, but that IG had apologised for giving him the wrong information.

Mr W didn't agree with our investigator's conclusion saying, in summary, that:

- IG's website specifically refers to short positions and he opened his short position on the understanding that IG would close the position at zero if F was delisted.
- He was misled by the information IG provided and wouldn't have opened a short position if he hadn't been given misleading information.

Our investigator said Mr W would need to raise a separate complaint with IG about the information he said was misleading.

Mr W complained to IG but it didn't uphold his complaint. It said it was clear that it couldn't accept instructions to close a short position at the price level of zero when the underlying stock was delisted.

## **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.

When Mr W instructed IG to close his open position at zero, the shares were suspended from trading (they were delisted around five months later). So I've firstly considered what IG's terms and conditions say about suspended shares:

### *25 Suspension and Insolvency*

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*(2) If at any time trading is suspended in any Instrument that forms the subject of a Bet, the Bet in question will also be Suspended from operation unless we are able to continue to make prices for the Bet based on prices in a different but related Underlying Market that is not suspended from trading. If Suspended, the suspension price of the Bet unless re-valued by us as set out in this Term 25, for the purposes of Margining and otherwise, will be the mid-price quoted by us at the time of suspension. For the avoidance of doubt, the fees and charges detailed in Term 4 will continue to apply to such Bet.*

*(3) Irrespective of whether the Determination Date for the Bet passes and irrespective of any Orders given by you, a Bet on a suspended Instrument will remain open but Suspended until one of the following takes place:*

*(a) the suspension in the Underlying Market is terminated and trading recommences, at which point the Suspension of your Bet will also cease and your Bet will become tradable again. Following the lifting of the Suspension, any Orders that you may have given us with respect to the Bet that have been triggered will be executed as soon as we consider reasonable in the circumstances having regard to liquidity in the Underlying Market and any hedging transactions that we have with third parties as a result of your Bet. We cannot guarantee that Orders will be executed at the first available Underlying Market price; or*

*(b) where the Instrument is in respect of a company, that company is delisted from the Underlying Market, goes into insolvency or is otherwise dissolved, at which point your Bet will be dealt with in accordance with Terms 25(5) and 25(6).*

I find IG acted in line with these terms – Mr W's position had to remain open whilst trading in the underlying shares was suspended. And fees and charges continued to apply.

Once the shares were delisted, in July 2022, clause 25 (6) applied. This says:

*If a company, whose securities represent all or part of the subject matter of a Bet is delisted from the Exchange to which the Bet relates, but at the time of delisting such company has not gone into insolvency nor been dissolved, then we will take such action as is fair to you having regard to all of the circumstances regarding the delisting and any hedging transactions that we have with third parties as a result of your Bet and where possible which reflects the treatment accorded to holders of the underlying security. Without any limitation, examples of the action that we might take are:*

*(a) closing the Bet at a Closing Level that is based on our fair and reasonable assessment of the value of the instrument to which the Bet relates;*

*(b) changing the Exchange to which the Bet refers (i.e. if the company in question has delisted on the reference Exchange, but maintains or has obtained listing on another Exchange, we may alter your Bet so that it refers to the second Exchange); or*

*(c) maintaining the Suspension of the Bet until the company makes a distribution to*

*holders of the security in question, at which point we will reflect that distribution on your Bet.*

IG also referred Mr W to the guidance on its website which says:

*The standard procedure is to close your delisted stock position at a level of zero and open a new position on your behalf called a 'proceeds line'. This new position would be untradeable and hold no value to your account. If the company confirms there is no return to shareholders, we would close your 'proceeds line' position at the level of zero. If proceeds are left over for shareholders, we would allocate these proceeds as applicable.*

*If you hold a long position, we can close the position upon your written consent via an email to [helpdesk.uk@ig.com](mailto:helpdesk.uk@ig.com). This would waive your right to potential future proceeds.*

*If you hold a short position, we have to wait for the company to complete their delisting process before being able to remove the position.*

Whilst it would appear unlikely that there will be any return for shareholders, I don't find it unreasonable that IG has said it will wait for F to complete the delisting process before it can close Mr W's open position. And it will be guided by information provided by its custodian. So, in all the circumstances, and on balance, I don't find IG has done anything wrong. I understand voluntary liquidators have recently been appointed to commence the winding up of the underlying company, so it would seem likely that this matter will shortly be coming to a close for both parties.

### **My final decision**

For the reasons I've explained, 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 W to accept or reject my decision before 6 August 2024.

Elizabeth Dawes  
**Ombudsman**