DRN-4475877

The complaint

Mr A complains that eToro (UK) Ltd failed to complete a share purchase on his account, which he says led him to incurring a loss. He's also unhappy he wasn't notified that the sale wasn't competed and, further, that the money intended to fund the purchase was retained by eToro despite the order not completing.

What happened

In July 2023 Mr A funded his trading account and placed an order, outside market hours, to purchase a holding of shares in a company. When the market opened the company's share price had risen from the price quoted when the order was placed, which meant that there were insufficient funds in his account to pay for the order. So, it didn't complete.

The crux of the Mr A's complaint is that he says he placed an order to purchase $500 worth of shares. So, as his account balance was at $500.38, the order should've completed. An increase in the share price shouldn't have led to the order failing. Rather, fewer shares should've been purchased.

However, eToro says that the order Mr A placed was for 25 shares, not for $500. At the time the order was placed the share price was at $19.93, giving a total cost of $498. But when the market opened the share price had risen slightly to $20.46, giving a total cost of $511.50, so Mr A's balance didn't cover the full cost, meaning the order couldn't be completed.

Mr A complained to eToro, but it felt it had acted correctly. He then referred the complaint to this service, but our investigator also didn't think that eToro had done anything wrong. She explained the eToro's records indicated that the order had been placed for 25 shares, not $500. She also said that as eToro hadn't done anything wrong, there was no reason why Mr A would've been alerted to a problem.

Mr A didn't accept the investigator's view. He remained adamant that the order had been placed for the monetary amount not a specific number of shares. He felt eToro had lied to him in saying that it had notified him at the time of the order failing. And he was unhappy that the money to pay for the order had been taken from him and not returned when the order was completed.

The investigator wasn't persuaded to change her opinion, so the matter's been referred to me to review.

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.

Where the evidence is incomplete, inconclusive, or disputed, I've reached my decision based on the balance of probabilities. That is, what I think is more likely than not to have happened in light of the available evidence and a consideration of the wider circumstances.

The main issue at the heart of Mr A's complaint concerns what type of order was placed. He maintains that he requested a value of $500, eToro says he placed an order for 25 shares.

I've noted Mr A's submissions carefully and I recognise his strength of feeling. But I must balance his evidence against that provided by eToro. And the latter clearly shows a record of 25 shares, or 'units', being selected for the order in question. It is possible to place an order through eToro's system for a monetary amount rather than a number of shares. But despite what Mr A has said, that doesn't appear to be what happened here.

As I'm satisfied, on balance, that the order was for 25 shares, it follows that I don't find that eToro acted incorrectly in not completing the order. The market data confirms that the share price increased when the market opened, meaning that Mr A's account balance no longer covered the cost of the order as placed.

I note Mr A's concern that he wasn't notified of what had happened. But eToro has explained that if he'd been logged into his account at the time the order was attempted (when the market opened) he would've been provided with a notification. That's in line with eToro's terms, which explain, at section 19.3 that "If we do not accept your order, complete/execute your order, or if we cancel your order, we will inform you *by making that information available on our trading platform*" (my emphasis).

The specific circumstances here – with Mr A placing the order out of hours – meant that he was left in the position of later checking his account, finding no record of his order (because it hadn't completed) and then having to raise an issue with eToro, which took some days to resolve.

I appreciate this wasn't ideal, but I don't think that eToro acted incorrectly. I'm satisfied that if Mr A had been logged into his account at the relevant time, he'd have received notification of the issue. But eToro hadn't agreed to notify Mr A by any other method if an order failed when he was off-line, nor to maintain a record of the failed order on his account. Further, I don't think eToro lied to Mr A in this respect. In its correspondence with him it was explaining what he would've seen if he'd been logged on – it wasn't saying that he *had* seen it.

In respect of the money that Mr A had transferred into his account with the intention of funding the order, I don't think eToro acted incorrectly in not automatically returning it to his bank account following the failure of the order. It would be normal procedure for the unused money to remain on the eToro account until a request was made for it to be transferred back to the bank account. eToro wouldn't have known what Mr A wanted to happen to the money – for instance, he may have wanted to retain it on his trading account to fund further orders.

Overall, I do appreciate that this would've been a frustrating experience for Mr A, but in summary I'm not persuaded that eToro administered the order incorrectly, nor that it failed to follow its usual procedure subsequent to the order not completing.

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 28 March 2024.

James Harris
Ombudsman