

The complaint

Mr Z complains that Plus500 UK Limited ('Plus500') made certain instruments unavailable for trading for a time which caused him to lose money. And Plus500 didn't give him information he asked for about when the instruments had been unavailable.

What happened

In December 2018 Mr Z opened a trading account with Plus500. As part of opening the account he agreed to the terms and conditions of the account which included a user agreement and an execution policy.

In September 2023 Mr Z opened three of CFD positions in his Plus500 account which had oil call options as the underlying instrument. The three positions were in 'Call 90 | Nov | Oil CFD' and 'Call 90.5 | Nov | Oil CFD'.

On 9 October 2023, at 1.12am, Mr Z contacted Plus500 asking why the three positions were 'stopped'. He said his losses were still showing and he attached a screenshot. The screenshot showed the option to close his positions was greyed-out. Plus500 replied at 1.33am saying it would contact him once it had the answer.

On 10 October 2023 Plus500 wrote to Mr Z saying that, following recent geopolitical events affecting underlying oil markets, the corresponding oil options had experienced increased volatility at the beginning of the trading session. It said that to manage the risks involved in trading with leveraged options CFDs, it sometimes made instruments temporarily unavailable for trading during their stated trading hours. It said Plus500 understood this could've caused inconvenience and so it had added £20.40 to Mr Z's trading account as a gesture of goodwill. It said this amount was 5% of the total initial margin on Mr Z's open positions on oil options during the period of unavailability.

Mr Z said he wasn't happy with Plus500's explanation. He said some instruments were unavailable for a few days and so he was losing money.

In an internal note Plus500 had recorded that the oil options were unavailable on 9 October 2023 from 1am to 2.26am.

On 13 October 2023 Mr Z wrote to Plus500 saying his positions on the oil options had been 'absent last few days' and today was the expiry date. He asked Plus500 what its policy was on how long an instrument remained unavailable. He attached a screenshot showing his positions. This time the option to close the positions wasn't greyed-out in Mr Z's screenshot.

On 15 October 2023 the positions were closed. All three positions were closed at a loss.

On 16 October 2023 Plus500 said again the Options had been unavailable for nearly 1.5 hours on 9 October 2023. It said it would increase its payment to Mr Z to £100, in line with its policy on resolving client queries 'amicably and in good business terms'. Mr Z said he still wasn't happy and he wanted to be compensated for his full losses on the positions.

Plus500 asked why Mr Z thought he was entitled to be paid the amount of his full losses. It said the positions were unavailable at the beginning of the session but were fully available after that. It said the positions remained open *'far longer after that and 'there would be no issue if [Mr Z] wanted to close them'*. Mr Z asked to know when the positions had been unavailable and when they were made available again.

Plus500 recorded that Mr Z had made a complaint. And on 2 November 2023 it provided a formal response to the complaint. In that response Plus500 didn't uphold the complaint. It said it understood Mr Z was complaining that oil options were unable to be traded at the beginning of the trading session on 9 October 2023. It asked Mr Z to let it know if Plus500 had misunderstood the issue he wanted it to investigate. In summary Plus500 said the following in response to the complaint:

- At the beginning of the trading session on 9 October 2023 the underlying market for the oil options in question experienced low trading volume and increased volatility. Because of this they were temporarily unavailable for a time at the beginning of the trading session.
- The instruments were fully available after that.
- Plus500's *'Trading Academy'* website said an instrument could be *'greyed out/unavailable'* because price feeds were restricted by market events such as extreme volatility, illiquidity, underlying market suspensions and other events.
- Mr Z had kept the positions open until their expiry date which was 16 October 2023. That was a trading decision for which Mr Z was responsible, not Plus500.
- Although it hadn't done anything wrong Plus500 was prepared to give Mr Z £175 as a gesture of goodwill. £175 was the difference between the proceeds Mr Z received when his positions were closed, and the proceeds he would've received if he'd closed the positions at the best rate he could've obtained during the period of unavailability on 9 October 2023, if the positions had been tradable in that time.

Plus500 also wrote to Mr Z on 5 November 2023 saying *'The aforementioned unavailability of the Oil options occurred on 9/10/2023 between 1:00 – 2:26 UTC+3'*.

Mr Z said, *'Please send me detail answer because these disappeared [a] few times'*.

Plus500 repeated the time that the options were unavailable on 9 October 2023. And it said, *'If you are referring to the unavailability of the instruments on the platform, please provide us with details regarding specific instruments and the timeframe that you are inquiring about, and we would be happy to assist you.'*

Mr Z asked for details of unavailability of the oil options between 28 October and 15 November 2023. Plus500 said *'you are welcome to provide us with a specific time frame when you have noticed any difficulties with managing your open positions (on DD/MM/YYYY from HH:MM to HH:MM, any affected position ID numbers'*.

Mr Z said *'I am asking this question because more than 50 percent instrument was unavailable that's why I asked if you could specify time. Being a customer it's my right to know ...'*

Plus500 said again it wanted to assist Mr Z and that's why it wanted a specific time frame to investigate.

During correspondence Plus500 referred to the following sections of its user agreement and execution policy, in support of its position on Mr Z's complaint:

- Plus500 provided an execution-only service and Mr Z was solely responsible for his trading decisions. (User Agreement preamble, 2.10.3 and 31.3)
- *'You acknowledge that the trading of certain instruments on the Trading Platform may become volatile or illiquid without warning. In such circumstances, it may not be possible to immediately execute orders on your behalf and trading will resume as soon as we receive a reliable price feed, particularly in the period shortly before an expiry, usually for Futures contracts and Options.'* (User Agreement 13.7)
- *'Price feeds that do not comply to spread limitations are not provided by Plus500 Ltd to Plus 500 and are therefore not presented to clients, until they are within a prescribed variance of the prevailing market spread. Instruments with continual low trading volumes and poor market value that result in a wide bid-ask spread will not generally be available to trade.'* (Execution Policy 10.2(i)e))
- *'The likelihood of execution of Clients orders depends on the availability of prices of other market makers/financial institutions and certain risk management limitations and defence levels (i.e. maximum order size). In some cases it may not be possible to arrange an Order for execution during abnormal market conditions, for example but not limited to the following cases: overnight, during news times, trading session start moments during volatile markets where prices may move significantly up or down and away from declared prices, where there is a rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, a force majeure event, as defined in section 16.1 of the User Agreement, has occurred.'* (Execution Policy 5.5)

Mr Z referred his complaint to this service. He said his positions were '*invisible*' for some time. He said he'd asked Plus500 about it but didn't get answers. He said this meant he was unable to see information he needed to decide when to close his positions. He said it had affected him financially.

One of our Investigators looked into Mr Z's complaint. He thought Plus500 hadn't done anything wrong. In summary the investigator said the following:

- Mr Z had agreed to the terms and conditions of the Plus500 trading account.
- The terms and conditions said Plus500 would decide what instruments would be available for trading on its platform.
- Market data seen by the investigator confirmed oil options had experienced low trading volume and high volatility at the relevant time. This was caused by a geopolitical event.
- Because the investigator hadn't found that Plus500 had done anything wrong, he wouldn't recommend Plus500 do anything beyond what it had already offered. The offer Plus500 had made showed Plus500 wanted to resolve the situation amicably.

Mr Z didn't accept the investigator's opinion. In summary he said the payment Plus500 had offered was too little. He also said it was his right to receive information Plus500 hadn't given him about the availability of the instruments.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

I issued a provisional decision in which I said I intended not to uphold Mr Z's complaint. I said I'd consider any further submissions or comments from either party before making a final decision. Plus500 said it had nothing to add. Mr Z didn't respond to the provisional decision.

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.

Having done so, I'm not upholding the complaint. I'll explain why.

Plus500 told Mr Z that significant volatility in the trading of oil in the underlying market – due to a geopolitical event – caused the instruments to be temporarily unavailable for trading on 9 October 2023. I'm satisfied this wasn't an error or a mistake. Nor was it a failing on Plus500's behalf. It's a common risk mitigation mechanism which is used when offering derivative trading – and it's designed to manage the risk of periods of volatility or illiquidity in the underlying market. So instruments becoming temporarily unavailable for trading due to low trading volume and high volatility is a common and accepted risk of trading CFDs. It's a risk Mr Z agreed to take by agreeing to Plus500's user agreement and order execution policy which set out this risk.

In any event, regardless of whether or not Plus500 did anything wrong to stop Mr Z closing his trades during the period of unavailability on 9 October 2023, Plus500 has put him back in the position he would've been in if he'd been able to close his trades during that period. And Plus500 has done that on the basis of what would've been the best available price during the period, even though it's not shown that Mr Z would've sold at that price had it been available. So even if I thought Plus500 was at fault for the temporary unavailability of trading on 9 October 2023 – which I don't – I wouldn't say Plus500 had to do anything further to put that right.

Regarding information about the availability of the instruments, Plus500 told Mr Z the time for which the instruments were unavailable on 9 October 2023 after he specifically complained about unavailability on that day. After that Mr Z asked for further information about other periods of unavailability. Plus500 asked him to say specifically when he'd experienced any problems with the instruments being unavailable. Mr Z said he wanted information about unavailability between 28 October and 15 November 2023.

On this point I also can't say Plus500 has done anything wrong. If Mr Z wanted to complain about further periods of unavailability I think it's generally reasonable for Plus500 to want him to specify the time and date at which he'd wanted to trade but found the instruments to be unavailable for trading. If Plus500 wanted to consider any further goodwill payment to Mr Z it's reasonable for Plus500 to want him to say when he felt he was unable to trade due to instruments being unavailable.

The period Mr Z mentioned to Plus500 as having experienced further unavailability was significantly later than the date of 9 October 2023 which was when Plus500 said the

positions had been temporarily unavailable for about 1.5 hours. It was also after the expiry date for the positions he mentioned. Because of this, I think it's likely Mr Z meant to ask about 28 September to 15 October 2023, rather than 28 October to 15 November 2023.

But, despite being asked by Plus500 to specify days and times, Mr Z didn't mention any particular days or times when he'd intended to trade the instruments and been unable to. So I'm unlikely to conclude that any temporary unavailability of the instruments caused Mr Z to miss out on closing or otherwise managing his positions – even if further periods of temporary unavailability did occur, and even if those periods of unavailability amounted to an error or failing on Plus500's part. (It's important to reiterate here that I haven't found that temporary unavailability of the instruments amounted to an error or failing on Plus500's part.)

I've considered whether the instruments might have been continuously unavailable and so might've been unavailable for longer than could reasonably be expected under Plus500's terms and conditions. But the evidence I've seen doesn't suggest there was continuous unavailability over the period Mr Z held the positions. In various contemporaneous responses to Mr Z Plus500 said the positions had become available for trading after the temporary unavailability of 9 October 2023. And on the screenshot Mr Z provided when he contacted Plus500 about availability on 13 October 2023 the option to close the positions wasn't greyed-out. So on balance I think the instruments in question were available for Mr Z to close if he wanted to close them when he took that screenshot. And – in conjunction with Plus500 having said trading resumed after about 1.5 hours of unavailability on 9 October 2023 – it follows that on balance I don't think the instruments were continuously unavailable over the period Mr Z was concerned about.

I must also note here that Mr Z told Plus500 he wanted to be compensated for the full amount of the loss he made on the positions in question. And part of his reason for disagreeing with the investigator's view was that the payment Plus500 had offered was too small. But if Plus500 were at fault for making the instruments unavailable – which is not a conclusion I've reached – *and* if Mr Z had tried but been unable to sell his positions during that time – then Mr Z would simply have missed out on selling at whatever price would've been available at that time. This wouldn't mean Plus500 would be responsible for the entirety of any loss Mr Z had made on his positions.

Overall, taking all of this into consideration, I haven't concluded that Plus500 has failed to treat Mr Z fairly and reasonably here. So I'm not asking Plus500 to do anything.

My final decision

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 30 September 2024.

Lucinda Puls
Ombudsman