

## **The complaint**

Mr H complains that Trading 212 UK Limited doesn't clearly communicate how a stop loss order is executed and that stop orders are based on bid prices. As a result, Mr H says he has suffered a financial loss.

## **What happened**

Mr H placed a stop-limit order with a stop price of 724 and a limit price of 720. When the market price of was 719.20 was reached, the stop-limit order was converted into a limit order with a limit price of 720. The limit order would execute if the bid/sell price of the shares reached 720 or better. The bid price remained below 720 for a very short-time, and then the order executed.

Mr H complained to Trading 212 that the information they provided was misleading and led him to believe that his stop loss order would not be triggered until others in the market had sold at the stop price. Mr H believed this would mean there is no difference to a limit order if anyone can just place a bid below the current price and triggers stops. Trading 212 didn't uphold the complaint as they believe they had executed the order Mr H placed. They went on to explain to Mr H where information regarding how a stop-limit instruction worked was available to him in the terms and conditions and on-line in their Help Centre.

Mr H brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. Our Investigator thought that Trading 212 had correctly executed the stop-limit order Mr H placed and provided reasonable information to Mr H about how a stop-limit worked. Mr H asked that an Ombudsman decides the complaint and it has been passed to me to consider.

## **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.

I understand that Mr H will be disappointed, but I've decided Trading 212 haven't done anything wrong. I will now explain why.

The order Mr H placed with Trading 212 was a stop-limit order, it wasn't a stop loss order. Therefore, when the price of the shares named in the order reached 724, the limit price of 720 was activated. Thereafter, the limit order would execute if the price of the stock reached 720. Trading 212 has provided evidence that the limit price of 720 was reached. Taking this into account, I'm satisfied Trading 212 executed the stop-limit instruction Mr H provided, and that in this regard they did nothing wrong.

After the order placed by Mr H was executed, he entered into discussions with Trading 212 via a chat facility. In the conversation Mr H asked a series of questions about the trade and asked Trading 212 to raise a complaint. Trading 212 said a complaint had been raised and Mr H went on to ask if they could point him to any documentation in which they confirm the stop price is the bid price of the shares. Mr H has told our Investigator that the crux of his

complaint is that the definitions Trading 212 provided refer to the stop price and not the bid price of the shares, and this could be interpreted a few different ways.

There's no specific regulatory requirement about how consumers should be informed about limit orders. But we can decide whether the platform provider made it reasonably clear about the terms of the limits Mr H could set and how they worked. When he opened his execution-only trading account Mr H was provided with details of Trading 212's Order Execution Policy and their Invest Terms. There are also other supporting documents available to Mr H on the Trading 212 platform and their Help Centre. Trading 212 specifically explain in these documents how a stop-limit order works.

In other documents on-line, Trading 212 provide an explanation of the prices Mr H may see when placing an order or when he reviews his account. They say:

*"What is the difference between last, sell and buy prices?"*

*Sell price - the highest price a buyer will pay to buy a product*

*Buy price - the lowest price for which a seller is willing to sell a product*

*LTP - the price at which the most recent transaction was executed.*

*Is LTP the expected execution price?*

*No. The buy, sell, and last prices are all indicative. You can have no guarantee at what exact price your market order will be executed.*

*Where is LTP used?*

*LTP is commonly used in charts, portfolio valuations, and returns calculations as it provides a more accurate reflection of a product's value compared to the buy or sell prices. It is an industry standard across various asset classes, not limited to stocks."*

Whilst I understand Mr H believes Trading 212 didn't make it clear they used the bid price in a sell order, I'm persuaded the information they provided made it reasonably clear that sell orders completed using the sell price. This may be a different term than Mr H may have used to, but it's generally understood by investors and providers that there is a difference between what a share is bought for and for what it is sold. This is commonly known as the bid and offer spread - with the bid price being the selling price and the buying price being the offer or asking price. So, I'm not persuaded the information Trading 212 made available to Mr H on their platform was misleading. There was sufficient information for Mr H to reasonably understand that the stop price in his order was the bid price of the shares. In addition, I'm satisfied the extract I've used above makes it reasonably clear for a consumer to understand what prices they can see on their account and what they mean.

In his on-line conversation with Trading 212, shortly after the trade executed, Mr H referred to his order as a stop-loss order and he later asked what the difference was between a loss order and a limit order. This persuades me that it's more likely than not Mr H didn't have full understanding about how the stop-limit order he placed would work. But I can't say this was reasonably something Trading 212 is responsible for as the information they made available to Mr H, at the time he opened his account and via their platform, wasn't misleading. If Mr H had any concerns, he could have contacted Trading 212 before he placed the order.

### **My final decision**

For the above reasons, I've decided not to uphold Mr H's complaint about Trading 212 UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 April 2025.

Paul Lawton  
**Ombudsman**