DRN-5000550

The complaint

Mr S complains Trading 212 UK Limited (T212) failed to execute a share deal correctly and this resulted in him paying more than he should have for the shares. He says this has caused him to lose out financially and has requested compensation.

What happened

At the end of March 2020, Mr S placed an instruction to buy some shares on an execution only basis. He says he understood from the information he read on T212's website that the price would be 69p per share. When the trade settled, he noticed the price he paid was higher than he expected (82p per share) and the value of the shares then fell immediately. He queried this with T212 but was told that it checked and the trade had been executed at the correct price, the best available. Following this Mr S raised a complaint.

T212 looked into the complaint but didn't uphold it. In summary it said:

- It reviewed the price of the stock on the date in question and didn't find evidence to support the price was as low as Mr S claimed.
- At the time the order was filled, the offer (buy price) on the exchange was around 83p.
- Any prices displayed on the platform are indicative, and subject to change due to a variety of factors beyond its control – and this is covered in the order execution policy.

Mr S remained unhappy with the explanation and referred his complaint to this service for an independent review.

In January 2021, Mr S sold the shares at a profit, but he remained unhappy as he felt he would have made a larger profit if the original trade had executed at the lower price he says it should have.

One of our investigators considered the complaint. She didn't uphold it as she didn't agree that T212 had executed the order incorrectly. Mr S didn't accept the investigator's findings and asked for them to be reviewed.

Another investigator reviewed the complaint again but remained of the view it shouldn't be upheld. In summary she said:

- T212 quote two prices for each instrument, the buy and sell price. Mr S gave a market order instruction, which involves the completion of the transaction as quickly as possible at the best available price. There is a risk when using a market order that the price may change before the order is executed. So, if a specific price is required, a limit order should be considered.

- She reviewed the market data available for the stock and saw both the high and low ask price (buy price) within the execution timeframe on 26 March 2020 was displayed as 82p. This was consistent with the executed price. The same pricing information was displayed on T212's platform. She didn't find evidence of the stock being priced at 69p on that day.

Mr S didn't accept the assessment and requested an ombudsman to reach a final decision on his complaint.

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 Mr S's disappointment at the price the purchase of his shares were executed at. But in order to uphold his complaint, I must be persuaded that an error by T212 caused the transaction to be completed at an incorrect price.

So, I've considered the circumstances of this trade to decide whether T212 has acted in a fair and reasonable manner – and this includes the extent of its responsibility when executing a client order.

Mr S gave a market order instruction to buy shares. This meant T212 was required to execute his trade in line with its terms and best execution policy and the relevant rules in the Conduct of Business Rules (specifically, COBS 11). T212 needed to execute Mr S's instruction and obtain for him the best available price at that time, taking into account 'execution factors'. T212s execution policy explains a market order will be executed immediately at the best available market price. It does warn this price might change before execution, meaning you could end up buying at a higher or lower price than expected. And while it guarantees to buy or sell, it doesn't guarantee the price at which it will be executed – and warns to take care with this type of order.

I've considered the evidence available to support how T212 executed the trade in question. T212 has provided evidence of the data it obtained from the pricing providers it used when executing this trade for Mr S. I'm persuaded that this evidence shows that Mr S's order was executed at the best available market price based on the size of his trade. I acknowledge that the price was higher than what Mr S was expecting to pay based on information he saw. It's unclear to me whether the indicative pricing Mr S saw was the buy or sell price relevant to the moment before he gave his instruction. But in any case, there is an inherent risk to this type of order – in that there was no guarantee of the price achieved once an instruction to buy is given. When T212 received an instruction it had an obligation to execute it as soon as possible. If Mr S had intended to only buy at a specific price, then he would have needed to provide a different instruction.

I acknowledge that Mr S says he relied on the indicative pricing information available to him on T212's website to understand the price he could expect to pay when his instruction executed. So, he feels he was misled when he paid much more per share than he was expecting when the deal completed.

I've considered all of the points Mr S makes. But having done so, I don't agree that T212 has treated him unfairly. As I've explained above, the nature of the instruction Mr S gave meant there was no guarantee of the sale price. While I understand why Mr S relied on the indicative pricing, the fact there was a larger disparity than he was expecting doesn't mean T212 must have done something wrong. The actual sales price (and difference compared to indicative price) was dependent on market conditions when the deal is executed. While this does present a risk to consumers, like Mr S, this is the nature of the investment he entered into and the instruction he gave.

While I understand why Mr S is disappointed with the price his shares were purchased at, I'm satisfied T212 have treated him fairly and did not cause the loss he is claiming.

My final decision

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 S to accept or reject my decision before 1 October 2024.

Daniel Little
Ombudsman