

The complaint

Mr L complains about the way IG Index Limited closed some of his trades due to insufficient margin in November 2021. He said he wasn't properly notified, either by email or his account manager, and therefore had no opportunity to add additional margin. This caused him a financial loss.

What happened

Mr L had a spreadbetting account with IG. In November 2021 Mr L had a short position on the Wall Street market which he said he had been holding for a long time. On 10 November 2021, he said he noticed that this position had been closed and 'the cash balance on the account' was removed. He said that as soon as he saw this position had been closed he called IG to find out what had happened, and was told that it had been closed due to insufficient margin. He complained that he hadn't at any point received a margin call from IG as would usually have been the case.

IG looked into Mr L's complaint, but didn't think it had done anything wrong. It said the terms of the agreement of Mr L's account were clear that IG was not obliged to let Mr L know when he had insufficient margin, and this was something he was required to monitor and be aware of. Nevertheless, it had sent him two emails on 9 November and 10 November outlining the amount of margin he needed to add to keep his positions open, and crucially, what would happen should he not make those payments. It also said that Mr L logged into his account multiple times between 9 and 10 November 2021 when he would've seen the status of his account, and in particular whether he needed to add more margin or how close he was to a margin call. IG concluded that as he did not add the required funds, his position on the Wall Street market was closed.

One of our investigators looked into Mr L's complaint, but didn't think it should be upheld. In summary, she thought it was Mr L's responsibility to manage and oversee his account, and the terms of the account explicitly said that IG was 'under no obligation to keep [Mr L] informed of [his] account balance and Margin required'. She said that the account equity was viewable to Mr L on IG's platform and has such he had the information he needed. The investigator also said although Mr L alleged he didn't receive emails from IG about the margin call, she had seen copies of the emails – and was therefore satisfied they were sent. She therefore concluded that IG didn't need to pay Mr L any compensation and was not responsible for any losses.

Mr L didn't agree with the investigator and provided a detailed response. In summary he said:

- The emails the investigator had referred to were not the 'automated email alerts of margin calls' that are sent when there is a margin call. He said that IG had always sent him margin call notifications since he'd had the account, except on this occasion

in November 2021.

- He said that the sending of these notifications was not 'optional or additional service'. It was an 'essential part of the service provided by IG'. He said that this wasn't a service just provided to him either, it was a service that IG provided to all its customers.
- Given these notifications had always been sent to him, he was entitled to rely on them as formal notification of insufficient margin, which he could then act on – and which he has demonstrated from his past trading that he always acted on.
- He said he never received notification of this margin call – he said that he asked IG to provide him copies of any emails sent to him about this, but IG told him it didn't have any. He said IG was unable to explain to him why a margin call wasn't issued on this occasion. He said that this procedure had been in place for a very long time, and as such, he was 'entitled to rely on this precedent and standard procedure'. He said that as this procedure had failed, IG needed to take responsibility.
- He said that this was as a result of this failure that he didn't know he had insufficient margin, and had he known it, he would've acted.
- He also noted that he had a credit limit on his account of £10,000 which meant that he had to go into deficit of at least £10,000 before a margin call is triggered. He reiterated that other than the emails he had always received, the system did not provide any other alert of insufficient margin – so it was even more essential that IG send a notification. He said this failure, on this occasion, is what caused him real loss and damage.

As agreement couldn't be reached, the case was passed to me to decide.

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 can confirm I've read all of Mr L's comments on his complaint, and I can understand why he has been left dissatisfied with the events of 10 November 2021. Although I've read and considered all the comments Mr L has made, I hope he doesn't take it as a discourtesy that I won't respond to every point individually. The purpose of my decision is to focus on the key issues, and provide reasons for my decision.

In this case, I've seen the example margin call notifications that Mr L was provided with in the past when his account was nearing a margin call. I understand Mr L's point that he didn't receive these automatic emails – and as far as I can see, this fact is not in dispute by IG.

Mr L says that had he received these automatic emails, he would've taken corrective action and added more margin on his account – and this would've avoided the losses he sustained as his position would not have been closed.

However, although I can understand why Mr L was disappointed at not receiving the type of notification he had been accustomed to receiving, I'm not persuaded it would be fair and reasonable to hold IG responsible for Mr L's trading losses due to this failure alone.

It isn't in dispute that the terms of Mr L's agreement required him to manage his account and be alert to the margin requirements of any open positions. Whilst I understand why he

maintains that IG had set some sort of precedent by notifying him in the past, in my view this did not have the effect of altering the agreement that IG had in place with him. I say this primarily because IG's failure didn't prevent Mr L from knowing he had insufficient margin – that information was clearly available from any viewing of his trading account. In my view, given the risk of this form of trading, how quickly prices change and how volatile certain markets can sometimes be, it would've been reasonable to expect Mr L to be monitoring his account on a regular basis. This means he would've already been alert to the unrealised losses on his account, and the effect these were having on the margin required to keep the trades open.

Furthermore, IG has confirmed that Mr L was in fact logged in at the relevant times – and this therefore meant that he ought to have been aware that he was close to having insufficient margin. I'm not persuaded it was reasonable for Mr L to have ignored this information simply because he had not received the usual automated emails.

Finally, the evidence I've seen shows that Mr L did receive two emails before his trade was closed. One email on 9 November 2021 saying that he needed to add £11,912.33 margin on the account by 3pm on 10 November 2021. And another on 10 November 2021 saying that Mr L needed to add £11,851 by 3pm that day or his 'positions will be closed if the account is still on margin call at this time'. Whilst I acknowledge these emails were different in form to the automated emails he'd usually receive, I'm not persuaded the difference in form is material. Both these emails clearly notified Mr L that he had insufficient margin – explained what he needed to do and by when, and set out the consequences of not taking the action required.

Mr L says he never received these emails – and whilst that is unfortunate, I'm not persuaded it would be fair and reasonable to hold IG responsible for the consequences arising out of him not receiving these emails, given that I'm satisfied they were sent. For these reasons, whilst I understand why Mr L has raised this complaint, I'm not persuaded the losses he is claiming were caused by something that IG did or didn't do, and as a result, I don't consider it would be fair and reasonable to require it to pay any compensation to him.

My final decision

My final decision is that I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 10 January 2024.

Alessandro Pulzone
Ombudsman