DRN-4465865

The complaint

Mr K's complaint concerns Contracts for Difference (CFD) trading accounts opened with StoneX Financial Ltd, and a predecessor business. He's represented by a claims management company (CMC), which has said, in brief, that he was pressured into opening the accounts, didn't understand them, his knowledge and experience weren't properly assessed, nor was he informed of the risks of CFD trading. He seeks a return of the amount lost though the accounts – around £5,000 – plus interest.

What happened

Mr K opened the first account in 2010 and further accounts in 2015. In response to Mr K's complaint, StoneX explained that, given the passage of time, information about the accounts was limited. But it appeared that the 2010 account came about after Mr K approached another business, since acquired by StoneX, via its website. This led to him being contacted by the business and the account opened after a full explanation of the service had been provided and his suitability for CFD trading assessed. The service at this point had been advisory, with suggested trades being primarily based on FTSE 100 companies, with stop loss orders utilised to manage them and full information regarding the rationale and risk provided.

In respect of 2015, StoneX said that Mr K again interacted with a website that prompted contact and the subsequent opening of another account, after detailed personal and financial information has been obtained and his suitability to receive investment advice had again been assessed. Mr K then went on to open one further, execution-only, account directly with StoneX (trading as City Index).

StoneX didn't consider that there was any basis on which the complaint should be upheld. Along with confirming that it was satisfied the accounts had been opened correctly, it pointed to the terms that Mr K would've been required to agree to, which included clear references to risk and volatility. StoneX also noted that the specific risks associated with CFD trading had been set out in the welcome pack Mr K would've received, which included the terms and conditions. StoneX was satisfied Mr K had been made sufficiently aware of the risks involved and had been prepared to accept those risks.

The complaint was referred to this service, but our investigator reached broadly the same conclusions as StoneX. She was satisfied his suitability for the accounts had been reasonably assessed and warnings of the risks involved given.

Mr K's CMC didn't accept the investigator's opinion, so the matter was 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 there's conflicting information about what happened and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities and in light of the wider circumstances, what's most likely to have happened.

Further, I've not provided a detailed response to each and every point raised. Ours is an informal service for resolving disputes between financial businesses and their customers. While I've taken account of all the submissions, I've concentrated my findings on what I think is relevant and at the crux of the complaint.

As has been noted, the opening of the accounts and Mr K's subsequent trading go back some years, so the information available is limited. But although much of what StoneX has said in its rejection of the complaint has been a generic explanation of what its usual procedure would, or at least should, have been at the time, it has also supplied records that confirm that reasonably detailed information about Mr K's circumstances and investment knowledge and experience was obtained.

In 2015 it was recorded that he was a company director with assets of over £1million, a net worth of £760,000 and an annual disposable income of over £30,000. These details were linked back to his 2010 account and it was noted in his file that "*Having assessed the personal and financial information provided for the client on the Suitability Assessment Questionnaire provided for him, the client has been assessed as having sufficient capacity for loss to bear any related investment risks, a Medium High risk profile & a good level of experience & knowledge to be able to fully understand the risks involved in trading CFDs*". These notes appear consistent with the detail of Mr K circumstances.

Contrary to this Mr K has said, via his CMC, that he "*felt coerced and pressurised into entering trades solely for their* (StoneX's) *commission. I also felt pressured by continuous cold calling and to say the desired answers required to start the process*."

While I note these recollections, they are somewhat at odds with Mr K returning to StoneX in 2015. He's said he was pressured, and that may explain why he opened the further accounts in 2015. But StoneX has explained that the approaches to him were prompted by his interaction with websites, which also suggests a continued interest in CFD trading.

Further, I'm satisfied that during the course of the repeated account opening processes Mr K would've been made aware of the risks involved in CFD trading. They were dealt with comprehensively in its terms, certainly those for the latter 2015 accounts, with a prominent general risk warning given at the start.

Overall, given the passage of time and limited information available, I find I'm unable to conclude, on balance, that StoneX acted incorrectly or unreasonably in providing the trading accounts to Mr K.

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 K to accept or reject my decision before 18 December 2023.

James Harris
Ombudsman