DRN-3998767

The complaint

Mr G complains that eToro (UK) Ltd didn't give him an accurate price when one of his stop losses triggered on a Contract for Differences (CFD) he had on a particular share. He says this caused his stop loss to trigger when it shouldn't have.

What happened

On 18 August 2022 Mr G opened a long CFD on the price of a share in a firm I'll refer to as "A". The position was opened at a price of 20.1381. Mr G had a stop loss on this position, and had amended it a number of times. On 19 September the stop loss was amended to trigger when the price reached 8.45.

On 21 September 2022 at around 6.07pm eToro's platform streamed a bid price lower than the level of Mr G's stop loss, and so his position was closed. He was given a price of 8.4473, realising a loss of around $5,805.

Mr G complained. He said that he had looked online and the lowest price of the day in A was 8.46, so the price he received was wrong and the stop loss shouldn't have triggered. eToro looked into his complaint but didn't agree it had done anything wrong. It provided him the prices it was streaming on the day which showed he had received an accurate price, and it explained the prices he was quoting weren't accurate because they didn't take into account eToro's spread.

Mr G didn't agree and referred his complaint to this service. One of our investigators looked into his complaint, but didn't think the complaint should be upheld. He was persuaded Mr G was given the best available price at the time and his stop loss had properly triggered.

Mr G didn't agree with the investigator. He said

- This wasn't the first time eToro had done this and eToro had provided no evidence to back up the price it gave him;
- He had provided three screenshots from online sources that showed the price never even reached 8.45. He subsequently provided additional screenshots that corroborated his claim that the lowest price in A was 8.46.
- He claimed it wasn't fair that eToro could just make up the price and do what it wanted and felt that this had caused him a financial loss. He said he either wanted his losses refunded, or the shares.

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 fully understand Mr G' strength of feeling on this case, and I understand why he feels that he's not been given best execution.

I've carefully reviewed the evidence Mr G has provided, but unfortunately I don't find it persuasive. What he has consistently been able to show is that the lowest *traded* share price of A was 8.46. But Mr G wasn't trading shares in A – he wasn't buying or selling them on an exchange for example. Mr G was trading on the price of A, and whilst I understand why he believes the evidence he has provided is persuasive, it doesn't show what he believes it does.

By trading a CFD on A's share price, Mr G was trading a price that eToro quoted. This doesn't mean eToro could quote whatever it wanted – in order to ensure its communications about this market were fair, clear and not misleading, it needed to ensure that the price fairly and accurately reflected the underlying price of A. And it needed to take steps, in line with its Best Execution obligations, to ensure that the prices it was quoting on its platform were a fair reflection of what was happening in the underlying market – for example an increase of 10% in the share price of A would need to be reflected in the prices it was quoting on its platform. And, as Mr G also confirmed, dividends were also reflected by way of a cash pay out. I note on this point that Mr G has raised some issues about how this was done either at the time or in the past, but I can't consider this as a complaint because it wasn't raised initially with eToro.

What all this means is that eToro wasn't free to make up any price it wanted, or manipulate or change prices in order to cause Mr G financial losses, or to artificially change the price it was quoting in such a way as to no longer make it reflective of A's actual share price as it was being traded. However, Mr G was not buying shares from eToro – he was trading a price, and as part of that service, he was paying a fee – the spread (I explain why this is relevant below). And he was trading under certain terms, which I consider are also relevant.

In the terms and conditions Mr G agreed to, section 21 deals with "*Fees and costs*". And it specifically says that eToro would apply a spread to every order, and this would be the difference between the sell and the buy price it quotes on its platform. This is very common industry practice.

On its website, it quotes the spread as being 0.15% on shares. Section 4.2 of the terms says that: "*The eToro trading platform is not an exchange or a market*".

And furthermore:

"(e) our prices will be different from the prices provided by other brokers, the market price as well as the current prices on any exchanges or trading platforms."

And section 17 "*Entering into transactions"* says:

"*We are responsible for setting the price of instruments and products which can be traded on the eToro platform"* and *"quotes are updated constantly".*

Finally eToro's Best execution policy says:

"The Company's price for trading in underlying securities and CFDs (with the exception of Cryptocurrencies) is calculated by reference to the price of the relevant underlying asset, which the Company obtains from a range of independent third party reference sources and independent financial market data providers that have been carefully selected and approved

in accordance with the Company's internal procedures. These independent providers receive their price data from the relevant exchanges."

So what all this means is that Mr G agreed that eToro would be quoting its own price, and it alone was responsible for it. The Best Execution policy is clear on how eToro creates the price.

This therefore brings me to the actual price Mr G was given. His stop loss was triggered once eToro's price breached 8.45, and his position was closed at 8.4473. I should say on this point that even if I thought this price wasn't the right one, the following day the price of A's shares was even lower – so it's likely I wouldn't agree that a refund of his realised loss or a reinstatement of the position would be fair in any event. However, taking into account all the evidence I've seen, I'm not persuaded the price eToro gave Mr G was unfair. Even if I accepted Mr G's evidence that relevant exchanges quoted the last traded price of 8.46, applying eToro's spread to that gives the exact price Mr G received – and as Mr G knows, in order to close his long position he'd be trading the lower of the two prices eToro would've been quoting at the time, namely its sell or bid price.

Mr G has also made reference to a comment by a member of eToro's staff that said its charts for the day showed A's price going as low as 8.45. Mr G says that's still not as low as the fill he received, but here I agree with the investigator that the charts would only be considered an indicative representation. It's clear from the evidence eToro provided that within the space of a few seconds, the price went from just above Mr G's stop loss level of 8.45, to just below it, and that's where his positions were closed. In situations with such small and precise price movements, I'm not persuaded I can conclude that being told an indicative price of 8.45, based on charts, was misleading or obviously wrong.

Ultimately, taking all this into account, while I fully understand why Mr G considers he has been treated unfairly, I'm satisfied he was given the best available price at the time – considering eToro's spread and the product he was trading, namely a CFD. I appreciate this isn't the answer Mr G was hoping to receive, but I hope he can understand I've only reached this answer after careful consideration of all the evidence.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 April 2024.

Alessandro Pulzone
Ombudsman